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RESOURCE CENTRE

Building Challenges

Confronting Toronto's Rental Crisis

**The Annual Report of the
City of Toronto Housing Department
for 1980 and 1981**

December 1981

City of Toronto
Housing Department

George C. Cook
Commissioner

14th. Floor,
180 Dundas St. W.
Toronto, Ontario M5G 1Z8

January 5, 1982

REPLY ATTENTION:

TELEPHONE:

Alderman David White
Chairman
Neighbourhoods Committee
2nd Floor
City Hall

Dear Alderman White:

I take pleasure in forwarding the 1981 Annual Report of the Housing Department for the consideration of the Neighbourhoods Committee and City Council.

As a result of efforts being concentrated on improving the internal capability of the Department, and of Cityhome, to implement the City's housing policies, it was not possible to produce an annual report for 1980. I trust that this report, reviewing both 1980 and 1981, will give Council a better appreciation of where we are heading.

I believe we are in the midst of a serious crisis. Virtually no rental housing is being built and ownership housing - both old and new - is out of reach for many. Only the social housing sector has been able to put new accommodation on the Toronto market at prices most of the population can afford. Given the constraints on the development of assisted housing, there is no way at the present time that Cityhome and other non-profit builders in Toronto can meet the goals Council has set for them. And those goals, based on the capacity of the developers involved, understate the real need for social housing.

In my report, I describe the difficulties encountered by housing producers and go into some detail on the guidelines and regulations which hamper the efforts of Cityhome. But most important of all, I offer constructive solutions to help the City contend with its crisis in affordable rental housing.

Cityhome continues to play a key role in implementing the policies of City Council, but to meet the

challenges which it faces, Cityhome will require considerable help and cooperation. In particular, a solid commitment from all levels of government is essential. That commitment must be in the form of financial resources and political and staff cooperation to ensure that needed housing is built as quickly as possible.

This letter of transmittal would not be complete without mention of the reorganization of the Housing Department which occurred during 1980/81. As you are aware, considerable staff changes have taken place and major systems and records changes have been implemented and are underway to improve the efficiency of the Department. I believe that we are "over the hump" and that City Council can be assured that a sound, fiscally responsible organization is now in place. Appreciation is due to my predecessor in this position, Ray Bremner, for his major contribution in the reorganization.

While I have served as your Housing Commissioner for just a few months, I have quickly become aware of the problems which hinder social housing development in Toronto, including economic and market forces which make it even more imperative that such development be successful. I can only hope that with your support and that of the federal and provincial governments we can respond adequately to the building challenges which confront us.

Yours sincerely,

Geo. Good.

Commissioner

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Summary of Recommendations

Targets

That:

1. The housing targets for 1982 contained in Table 9 of this report be adopted by Council and forwarded to both the Ontario Ministry of Municipal Affairs and Housing and the Canada Mortgage and Housing Corporation.

Approval Constraints in the Non-Profit Housing Program

That Council request:

2. CMHC to conduct a review of the Maximum Unit Price (MUP) system, comparing the MUP to alternate methods of controlling federal subsidies under the Non-Profit Housing Program.
3. CMHC, pending review of alternate methods of subsidy control, to undertake improvements to the existing system, including the following:
   a) MUPs be refined to reflect locational variations in costs more closely, including factors which affect decisions on unit mix;
   b) estimates of land costs used to compare project costs with applicable MUPs be based on full freehold market value, whether land is leased or purchased outright. Any excess of project costs over MUPs attributable to the difference between market value and actual costs of land should be considered equity and have no effect upon project approval;
   c) MUPs be refined to cover more types and combinations of building forms than the grade-related, elevatored apartments and walk-up apartments now covered;
   d) MUPs be flexible enough to allow extra expenditures for energy conservation in project design and construction in order that long term operating costs, and subsidies, can be lessened; and
   e) The lesser of actual costs or MUPs be used as the determinant of subsidy limits, eliminating restrictions based on appraisals.
4. The Minister of Energy, Mines and Resources to extend the eligibility of the Canada Oil Substitution Program to municipal non-profit housing corporations.
5. The Minister of Municipal Affairs and Housing to recognize that, in order to meet reasonable assisted housing targets in inner city areas, it will be necessary to mount an effective campaign of non-profit acquisition and rehabilitation requiring provincial action in a number of areas, including the following:
   a) elimination of any MUPs applicable to existing buildings which are less than normal MUPs;
   b) flexibility in setting contingencies for rehabilitation projects depending upon the degree of risk involved;
   c) streamlining of the approval process to allow municipalities to quickly take advantage of acquisition opportunities;
   d) investigation of expanding the funding and eligibility of the Ontario Home Renewal Program to cover non-profit projects; and
   e) an official policy change that results in existing buildings being appraised on a replacement cost basis, rather than on income stream.
6. The Minister of the Environment to apply the Environmental Assessment Act consistently to all residential or mixed-use development, either by totally exempting municipal non-profit housing or by expanding the Act to immediately encompass all other residential developers.
7. The Minister of the Environment, pending consistent application of the Act, to reimburse the City for all expenses incurred in complying with the Act.
8. The Minister of Municipal Affairs and Housing, until such time as the Minister of the Environment agrees to the above recommendations, to negotiate with CMHC to allow any expenses incurred in complying with the Environmental Assessment Act to be excluded in relating project costs to the Maximum Unit Price.

Extending Assistance for Families and Individuals

That City Council request:

9. The Minister of Municipal Affairs and Housing to agree to the lowering of the minimum age restriction for rent-geared-to-income assistance to 40 years. That further provision be made for up to 5 per cent of a project's RGI allocation to be made available to individuals of less than 40 years of age.
10. The Minister Responsible for the Canada Mortgage and Housing Corporation and the Ontario Minister of Municipal Affairs and Housing to establish a subsidy program for rooming houses whereby rents on all rooms would be reduced to affordable levels, with no further need for direct rent supplementation.
11. The Minister of Municipal Affairs and Housing and the Minister Responsible for the Canada Mortgage and Housing Corporation to recognize that there

are gaps in existing housing programs which deny assistance to groups in very real need (such as discharged psychiatric patients, those requiring emergency shelter, and those not eligible for rent-geared-to-income assistance), and to work together in consultation with municipalities to design appropriately funded programs to respond to such needs.

12. The Minister of Municipal Affairs and Housing to relax the strict 25 per cent limit for rent-geared-to-income tenants in non-profit family housing and permit the maximum to be set on an individual basis for each project. The maximum would take into consideration neighbourhood characteristics, project size, and project rents in relation to the incomes of existing or intended tenants.

Making the Density Bonus Work

That:

13. The Commissioner of Planning and Development be requested to report on proposed policies to govern exchanges of property, whereby density bonuses could be used to increase the number of private residential units or commercial floor space on one site in exchange for a satisfactory offer of land or property for assisted housing at an alternate site.
14. The Commissioner of Planning and Development be requested to report on proposed policies setting out terms and conditions whereby a cash-in-lieu payment may be arranged for residential and commercial density bonuses, in the event that other mechanisms for providing the required assisted housing prove impractical.

Land for Assisted Housing

That:

15. Council request the Minister of Municipal Affairs and Housing to expand the terms of the "start-up" assistance now offered some municipalities to provide at least partial compensation for the risks associated with preliminary site work.
16. Council request that the Minister Responsible for CMHC establish a subsidized land assembly program for municipal non-profit housing and associated developments.
17. Council request the Minister of Municipal Affairs and Housing to investigate a provincially subsidized land assembly program, as in the above recommendation, to be used either independently or to complement any federal program that may be established.
18. Council reaffirm and clarify its commitment to not otherwise dispose of any City-owned land which is suitable for residential development, by establishing procedures whereby the Commissioner of Housing would report to the Neighbourhoods Committee on all such sites, and the Committee would initiate transfer arrangements for all those which, provided at a cost which can be reasonably borne by the Non-Profit Program, would be desirable Cityhome sites.

Introduction

This Annual Report of the Housing Department comes at a critical juncture in the history of municipal non-profit housing in Toronto. Competition for land in the City has intensified and, as a consequence, Cityhome is finding it difficult to locate affordable sites and properties. At the same time the demand for non-profit rental accommodation continues to grow. These conditions dictate that City Council, together with the federal and provincial governments, reinforce the commitment to Cityhome and other assisted housing.

Specifically, this report reviews the progress made in 1980 and 1981 toward meeting Council's housing objectives. The Toronto housing market is examined in detail and in turn compared to other area markets. Cityhome's performance, as well as that of other housing producers, is measured in relation to the targets established by City Council. The effectiveness of associated government policies and regulations is analyzed. Changes in Housing Department and internal Cityhome operations, intended to better serve Council and the tenants themselves, are summarized. With an eye to the future, the final overview identifies improvements necessary in preparing Toronto to meet the housing challenges of 1982 and beyond.

15 Scadding Avenue in Phase B of the St. Lawrence Neighbourhood will be ready to accommodate 281 households by February, 1982.

1

The Market

The alarming trends of 1979 continued through 1980 and were generally reinforced in 1981. Record low production in 1980 was exceeded the next year, but early gains in 1981 were greatly off set by dismal year end performance. One strong and constant trend, unfortunately, was the decline of the rental market. New rental construction showed few signs of life anywhere in Canada: in Toronto it died. Vacancy rates fell while the price of new accommodation continued its dramatic climb. Little relief was felt and still less was promised by programs offering assistance.

Production

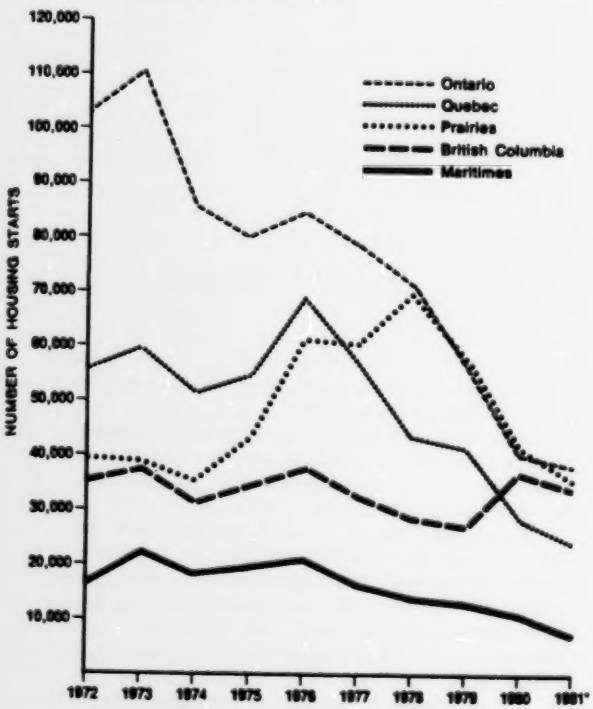
High and fluctuating interest rates discouraged capital investment in housing throughout 1980 and 1981. Housing starts in 1980 were off by more than 19 per cent from 1979 — the lowest level in 16 years. The downturn was evident all across Canada and Ontario suffered more than most provinces (Figure 1). But at least for the first three quarters of 1981, the majority of provinces posted gains over the preceding year. With an anticipated rush at the end of 1981 to take advantage of expiring tax incentives for investment in Multiple Unit Residential Buildings (MURBs), a modest but welcome increase for the whole year is projected.

The production swings in urban Canada (all cities with 10,000 population and over) were exaggerated in Ontario's urban areas (Figure 2). In 1979, the termination of MURB incentives and loan subsidies for private developers had an especially detrimental impact upon housing construction in urban centres. Later reinstatement of MURB provisions provided a small boost. And the industry demonstrated some flexibility in 1981 by shifting to heavier production of single detached housing in urban areas. Even though this shift was not reflected in national data overall (Figure 3), it signified an attempt to take advantage of buoyant sales in some cities and avoid reliance upon on-again, off-again assistance programs. The off-again status of MURB tax breaks, as of the November, 1981 federal budget, threatens to reduce overall housing construction, with most of the burden falling on Canada's larger cities.

The social housing sector (non-profits, cooperatives and public housing agencies) held its own in 1980 with only 1000 fewer starts than in 1979, but the private sector was ailing. The Graduated Payment Mortgage (GPM), which replaced both the Assisted Rental Program (ARP) and the Assisted Home Ownership Program (AHOP), was unable to prevent a drop of 11,000 starts from 1979. Unlike 1979, the private sector was not capable of taking up any of the slack on its own and private starts without any federal financial involvement fell by 15 per cent. While the social housing sector declined still further in 1981 (down almost 500 units by the end of September), the private sector was able to compensate for the increasingly shunned GPM program. Over the first three quarters of 1981, private builders had started almost 28,800 units more nationally than over the same 1980 period. The 3200 GPM starts, less than one-half the 1980 level, represent a strong indictment of this program, particularly when contrasted with its AHOP and ARP predecessors, which saw over 100,000 starts in 1977 and 1978.

Toronto was the bright spot in an otherwise bleak provincial scene in 1980 and showed one of the largest increases in 1981. Every other Ontario metropolitan area saw a real decline in 1980 housing starts from 1979. The Toronto Census Metropolitan Area (CMA) production decline of only 5.5 per cent was

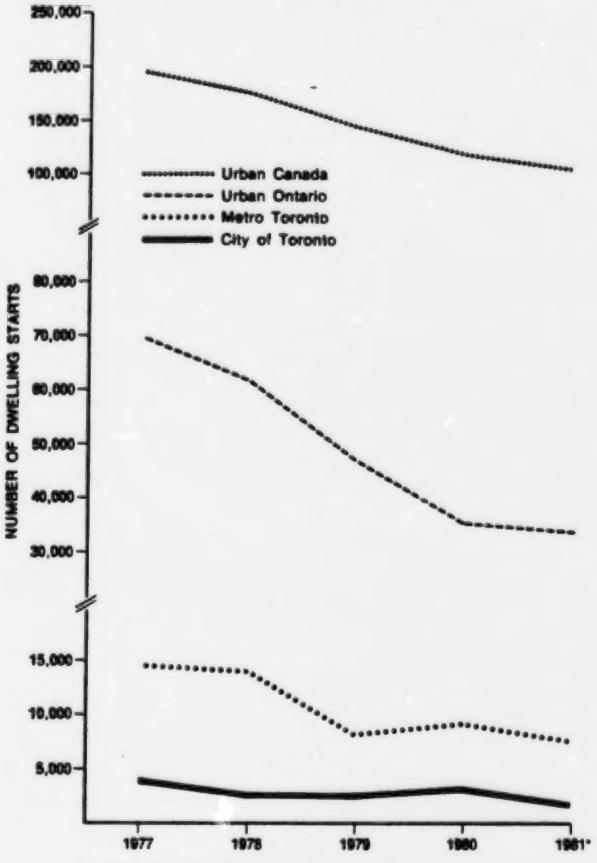
FIGURE 1
Distribution of Housing Starts in Canada, 1972 - 1981



* 1981 first three quarters only

Source: CMHC, Canadian Housing Statistics Monthly Supplement

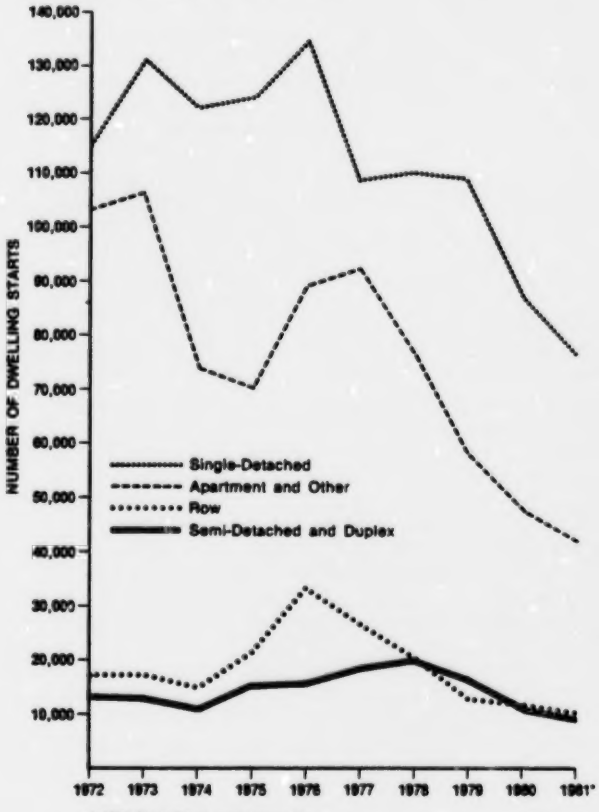
FIGURE 2
Annual Dwelling Starts: Urban Canada, Urban Ontario, Metro Toronto and City of Toronto, 1977 - 1981



* 1981 first three quarters only

Source: CMHC, Housing Market Report—Ontario
CMHC, Housing Market Report — Toronto

FIGURE 3
Type of Dwelling Starts in Canada, 1972 - 1981



* 1981 first three quarters only

Source: CMHC, Canadian Housing Statistics
Monthly Supplement

relatively minor (Table 1), but resulted in a dramatic boost in Toronto's share of starts. That share increased still further over the first three quarters of 1981, with Toronto and Oshawa the only CMA's in Ontario to record more starts in this period than over the entire previous year.

Within the CMA, Metro Toronto itself has done well, increasing production in 1979 while starts in the rest of the area and most of the country fell (Table 2). Apartment starts in the City contributed most to the Metro increase in 1979, but heavy production of detached housing in Etobicoke and Scarborough in 1981 lowered the City's share of Metro starts (to the end of September) after three consecutive rises. Even so, the bulk of the 65 per cent jump in 1981 City starts (again, to September) and almost 30 per cent of the Metro increase over the same period were due to the construction of more apartments in the City. It is most unlikely that the City will be able to match the 1980 year end apartment rush in 1981, and may well end up with fewer starts over the whole year. The termination of MURB allowances effective in 1982 will remove a major source of strength in the local housing market.

At the end of September 1981, about 55 per cent of all apartment units — 87 per cent of privately sponsored apartments — under construction in Metro were condominiums. Rental prospects offered by private industry were even fewer in the City proper, where 94 per cent of private apartments under construction were condominiums. CMHC recorded only 15 private rental apartment units starting construction in the City in the first three quarters of 1981.

In 1980, the Toronto area social housing sector regained ground lost the year before, but available 1981 data indicated a probable failure to keep pace (Table 3) — certainly in terms of market share. Still, social housing developers in the Toronto CMA have kept close to double the proportion of total starts compared with their counterparts across the country.

Cityhome's contribution to the Toronto housing scene in 1980 and 1981 was significant. In 1980, apartment units represented 80 per cent of all City starts and Cityhome accounted for one quarter of those. By September, 1981, 22 per cent of all City apartments started during the year were Cityhome's. Also by that date, Cityhome had 64 per cent of all rental apartments under construction in the City. The Corporation started more rental housing than any other builder in all of Ontario in 1980 and seems likely to be the biggest at least in Metropolitan Toronto in 1981.

However, as Chapter 2 details, the above percentages relate to Cityhome production which falls short of meeting Council's housing goals. In essence, Cityhome looks good partly because the rest of the rental market is a disaster.

Prices

Prices of most types of housing in the Metro area generally increased during 1980 and 1981, but the City itself was the real hot spot, notably in newly constructed rental housing and in the ownership market.

A temporary moderation in rent increases for existing housing was evident in Statistics Canada's estimate of only a 4.8 per cent increase in 1980 rental expenses in the Toronto C.M.A. The Ministry of Municipal Affairs and Housing's October, 1980 rental survey found an average rent increase of only 6.9 per cent for non-movers in Metro — still the highest in the province. The Housing Department's own market research in 1980 found many older buildings which have confined rent increases to six per cent or less, although annual increases of more than ten per cent in newer, centrally located apartments were not uncommon.

The take-over of rent review proceedings by the new Residential Tenancies Commission may have only postponed contemplated rent increases exceeding the provincial guidelines of six per cent. A substantial backlog of landlord applications for rent increases built up. In its first report, the Commission noted that only 2337 units were covered in its reviews undertaken to March 31, 1980 in the City. The average increase granted was 10.9 per cent, considerably lower than the average 16.8 per cent requested. As the backlog subsided and landlords' applications flowed into the Commission, some acceleration of rent increases became evident. CMHC data showed only a 5.7 per cent annual rent escalation overall in the City in October 1980, but by April 1981, the CMHC survey found an 8.1 per cent annual increase. (The survey also found the same pattern for rental charges that has prevailed for several years: the central part of the City is the most expensive, followed by the north, west and east respectively — Table 4.) By the end of September 1981, Statistics Canada calculated an annual rental expense increase of 5.8 per cent, up significantly from the 4.8 per cent 1980 increase. Rent controls are clearly exerting a less restraining impact as time passes.

The competitive effects of older rental housing have not greatly affected charges for new housing, which must absorb rapidly rising land and construction costs. In large measure, the City has its dominant stock of older housing to thank for the moderate rent increases which it has exhibited. Other area municipalities, like Mississauga, have a much newer stock and have had considerably larger average increases.

Whatever disincentives are created by rent controls, their removal would not cure the ailments of the private development industry. Other market forces help to dictate the supply of rental units, overshadowing the effects of controls. The cost of money is the main impediment to the private sector's slow reaction to increased demand. At current interest rates, rental investment is a risky proposition — with or without rent controls. High lending charges discourage investment in even luxury rental accommodation, compared with condominiums or other investments where capital outlays can be recovered more quickly. Successful pre-selling campaigns for downtown condominiums reduce interim finance costs and encourage developers in this part of the market.

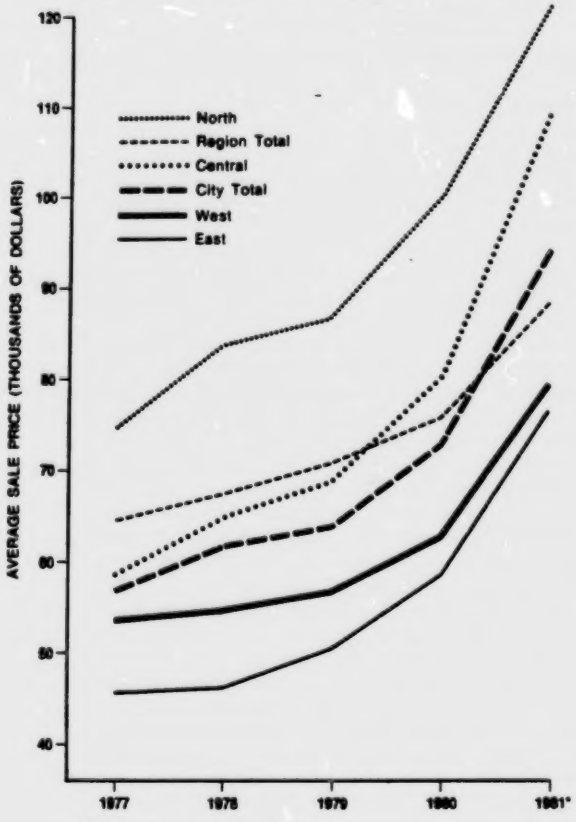
With such severe pressures working against private rental construction, it is not surprising to see this sector collapsing in Toronto. Data collected for the *City Monitor* series from all newly constructed and available rental units in 1980 illustrate the combined problem of lower volume and higher prices.

At the same time as 62 per cent fewer units entered the private rental market, average rents in these new units were 50 per cent higher than new rents one year earlier (Table 5). The social housing sector was able to compensate somewhat for the sharp reduction in units. Taking account of new cooperative and Cityhome housing, there were "only" 51 per cent fewer new units produced in 1980 than in 1979. Comparable 1981 data were not available at time of writing, but CMHC statistics, showing only 3 private rental apartment units completed by September 1981, indicate that circumstances have worsened considerably. Social housing apartment completions by September totalled 445 units, offering relief in both quantity and price. Although 1981 price data were not available, the 1980 pattern speaks eloquently of the disparity between housing charges demanded by the various producers (Table 6).

The resale market did not fare much better in providing affordable housing to residents of Toronto. Increases in average resale prices were considerable — much higher in the City than in surrounding municipalities (Figure 4). Resale prices exhibited their usual pattern, with the northern section of the City on top, followed by the central, west, and east areas.

The overall Multiple Listing Service (MLS) volume of sales was up 18 per cent in the City in 1980, com-

FIGURE 4
Average Annual Residential Sale Prices in Various Areas of Toronto, 1977 - 1981



* 1981 first three quarters only

Source: Compiled from Toronto Real Estate Board, MLS Statistics

pared with only 11 per cent over the whole Toronto Real Estate Board jurisdiction. The City and region were well on their way to surpassing 1980 volumes by September 1981. The City average price increase of 14 per cent in 1980 and 30 per cent in 1981 (in just 9 months!) was also close to double the regional average. The east end continued to strengthen its position relative to the rest of the City (a demand trend noted in *Vanishing Options*).

A substantial volume of lower priced condominium apartments and townhouses restrained resale price increases elsewhere in the region covered by TREB, offering some opportunities for first-time buyers. But the rapid escalation of resale prices in the City, combined with rising mortgage rates, has further placed out of reach an already minimal supply of affordable ownership housing. Data compiled by the City Planning and Development Department showed a 15 per cent jump in the average resale price in 1980 to over $92,000 (Table 7). This included a 48 per cent increase in the average price of condominium apartment resales. Increases in resale prices accelerated from 1979, with a widening gap between housing price increases and the general rate of inflation. Corresponding 1981 data were not available, but MLS statistics cited above make it very clear that affordable resale housing is an increasingly rare commodity in the City.

In contrast to the decline in new rental housing production, new ownership housing boomed in Toronto in 1980 (Table 7). The benefits of increased production, however, were offset by large price increases, thus placing new "for sale" housing further beyond the reach of average income households. As was the case in 1979, the increase in prices was sharper in the new housing market than in resales, reflecting the greater emphasis on luxury accommodation in new construction. Completion data for 1981 imply the worst of both worlds: volume is down, restricting ownership possibilities regardless of cost, and market observation indicates that new condominiums in the City are aiming for an exceptionally affluent clientele.

Consideration of prices in new rental and ownership units is complicated by the presence of a large number of condominium units which are tenant-occupied. Attempts are being made to count these units, which are mostly purchased for investment and speculation purposes. They are then rented out at whatever the market will bear until they can be profitably resold.

Housing Department research has found few vacancies in rented condominium units, although it is often difficult to establish which units are rented and how long they have been on the rental market. There is certainly no evidence of significant vacancies in condominium units available for immediate rental occupancy, in spite of claims to the contrary from supporters of conversion applications.

Rents that could elsewhere cover carrying charges in truly luxurious condominiums are being paid by people who prefer rental tenure, even though ownership alternatives are well within their reach. In a 1980 private consultant survey of 11 condominium projects in Metro with units being offered for rent (including 8 projects in the City of Toronto), monthly rents for one-bedroom units ranged from $700 to $1,300, two-bedroom rents from $730 to $1,975, and three-bedroom rents from $950 to $3,500. If these units were taken into consideration to produce Table 5, the actual average rents of new units would be much higher.

Vacancies and Demand

The Housing Department's 1979 report, *Vanishing Options*, foresaw only short term relief from the City's downward trend in vacancies, resulting from the completion of a few large projects. With 26 per cent more units completed in the City in 1980 than were completed in 1979, there was in fact a small increase in the vacancy rate — from 0.9 per cent in October 1979 to 1.1 per cent in April 1980. But this modest improvement in the City itself was indeed temporary (Table 8).

In Metro, completions fell by about 1 per cent and the vacancy rate also continued to drop. Completions in both the City and Metro fell further in 1981, keeping the pressure on vacancies. The lowest Toronto area vacancy rates in the history of the survey were recorded in October 1980 and rates were at least as low one year later.

One of the most startling findings of the October 1980 vacancy survey was the sudden elimination of the traditional split between new and older housing. This pattern persisted through 1981. Vacancies in recently constructed housing have, in the past, been more frequent than in older units — a trend which had grown as the gap between their respective rents has increased in size. New housing in the City has most recently had a zero or near-zero vacancy rate. Housing Department surveys in 1980 found that pre-marketing of new rental projects in the City is now common practice, so that many large projects are fully reserved prior to completion. In view of the substantial rents reported above, it would seem that, for some, price is a small obstacle in the search for inner city rental housing.

Housing Department research confirms the virtual absence of rental units for immediate occupancy. Demand is so intense that waiting lists for private accommodation are being gradually abandoned; it is less costly to simply rent a unit to prospective tenants making enquiries. One and two-bedroom units in many areas of the City take only one day to rent. Internal waiting lists occur frequently: people will often rent a bachelor unit to get into a building and queue up for future vacancies in larger suites.

The rapid marketing of all new housing in the City, rental and ownership, is also evident in CMHC data. The number of new units still unoccupied in an "average" month in 1980 was only 468 units, down 37 per cent from 1979. Over the first nine months of 1981, the average had dropped to 263 units. Despite obviously higher absorption rates, CMHC flagged the beginnings of a "band-wagon" effect in Toronto in 1980, with builders and investors copying successes, pushing for condominium conversions, and raising prices to artificially high levels through speculative activity. The potential dangers for condominium developers are real, and the market is peaking, as CMHC warns, although downtown Toronto should prove relatively immune for a while yet. Demand pressures in the rental market are so strong that any levelling off is distant. Some relief may come as more and more condominium investors are tempted to rent out their units. Unfortunately, the high cost of these units will do little to moderate prices or ease an extremely tight situation.

Lengthy waiting lists for assisted housing further demonstrate the scarcity of suitably priced private rental housing. The waiting list for units owned by the Ontario Housing Corporation (OHC)in Metro stood at 3163 households in December 1980 - up over 19 per cent from the year before. By September 1981, this list was up to 4710 households. The OHC received 6055 new applications in 1980. These were transferred to the new Metropolitan Toronto Housing Authority (MTHA), which took over local OHC operations toward the end of 1980. MTHA received 4307 new applications by September 1981. The Metro Toronto Housing Company waiting list for senior citizens fluctuated through 1980 and 1981; the pattern was much influenced by major project openings. By October 31, 1981, the Metro Housing Company waiting list for seniors stood at 2258 households, up 19 per cent from the end of 1980.

From a City perspective, it is useful to look at those on the waiting lists who prefer to live in the City itself: over one-third of all MTHA applicants seek an apartment in the City and over one-half of the seniors waiting for Metro Housing want a City residence. The latter figure is notable considering that less than a quarter of the Metro Housing Company's units are in the City.

The Metro Housing Company's non-profit family program is yet in its infancy. The steady rise of Metro's family waiting list to 544 households by October 1981 (over 57 per cent looking for a unit in the City), reveals a strong demand for a still very low-profile service. Cityhome's list was much larger in total, with about 4000 households in November 1981. The ratio between households on the list and the total number of units under management is highest at 128 per cent for Cityhome. This compares with lower ratios of 18 per cent for the Metro Housing Company and about 15 per cent for MTHA.

In summary, the last two years have witnessed a drastic reduction in the construction of rental housing in Toronto, with heavy upward pressure on rents and selling prices of both new and existing housing. These trends are accelerating, making it more difficult to find affordable accommodation of any description. Prospects for improvement over the next few years are bleak, given a generally worsening economic environment and increasingly unfavourable conditions for housing investment. It is therefore not surprising to see a sharp rise in the number of people seeking a place to live through social housing agencies, which will be hard pressed to cope with the mounting need for their services.

TABLE 1
Distribution of Housing Starts in Ontario, 1978-1981

Metropolitan Area	1978 # of Units	1978 % of all Ontario	1979 # of Units	1979 % of all Ontario	1980 # of Units	1980 % of all Ontario	1981* # of Units	1981* % of all Ontario
Larger Centres								
Toronto	26,051	36	21,379	37	20,204	50	21,323	56
Ottawa	7,013	10	4,342	8	2,983	7	2,294	6
Hamilton	2,531	4	1,885	3	1,824	5	1,431	4
Sub-Total	35,595	50	27,606	48	25,011	62	25,048	66
Medium Centres								
Kitchener/ Waterloo	2,074	3	2,129	4	1,593	4	1,352	4
London	4,819	6	2,828	5	2,206	5	820	2
Windsor	2,511	3	2,714	5	2,319	6	533	1
Niagara	2,383	3	1,165	2	1,128	3	464	1
Thunder Bay	1,133	2	677	1	670	2	316	1
Sudbury	512	1	659	1	332	1	288	1
Oshawa	2,183	3	1,119	2	785	2	1,189	3
Sub-Total	15,615	22	11,291	20	9,013	23	4,962	13
Total Metro	51,210	71	38,897	68	34,024	85	30,010	79
Other Urban	10,715	15	8,862	16	1,428	3	4,752	12
Total Urban	61,925	86	47,759	84	35,452	88	34,762	91
Rest of Ontario	9,775	14	9,128	16	4,675	12	3,444	9
Total Ontario	71,700	100	56,887	100	40,127	100	38,206	100

Note: * 1981 first three quarters only

Source: CMHC, Housing Market Report — Ontario

TABLE 2
Dwelling Starts in the City of Toronto and Metropolitan Toronto, 1980-1981

Month	Single Detached City	Single Detached Metro	Apartment City	Apartment Metro	Other City	Other Metro	Total City	Total Metro
1980								
January	3	63	207	755	49	110	259	928
February	0	32	79	79	51	73	130	184
March	0	29	0	196	65	291	65	516
April	0	89	1	190	2	100	3	379
May	0	69	0	362	7	88	7	519
June	3	179	514	737	50	303	567	1,219
July	2	249	22	220	2	242	26	711
August	6	185	9	13	40	122	55	320
September	5	192	3	452	26	228	34	872
October	4	256	1,100	1,310	195	588	1,299	2,154
November	5	139	95	250	56	204	156	593
December	1	188	666	666	92	134	759	988
Total	29	1,670	2,696	5,230	635	2,483	3,360	9,383
% Change from 1979	-44	-19	+31	+47	+43	-7	+31	+14
1981								
January	5	89	111	111	43	169	159	369
February	1	44	82	82	0	8	83	134
March	1	176	0	202	11	141	12	519
April	7	428	174	661	73	135	254	1,224
May	7	419	8	182	55	258	70	859
June	5	417	3	106	93	315	101	838
July	6	268	284	481	43	195	333	944
August	4	336	148	625	48	323	200	1,284
September	10	185	645	1,289	23	150	678	1,624
Total	46	2,347	1,455	3,739	389	1,694	1,890	7,778
% Change from 1980	+142	+116	+74	+24	+33	+9	+65	+38

Notes: 1981 totalled to September only, with percentage change calculated relative to first three quarters of 1980. Totals may differ from sum of column figures because of retroactive corrections not reflected in monthly tally.

Source: CMHC, Local Housing Market Report — Toronto

TABLE 3
Number of Starts by Lending Source
Toronto CMA, 1978-1981

	1978	1979	1980	1981*
N.H.A. Low Income Total (1)	3,130	2,037	2,430	1,963
N.H.A. Private Rental (2)	8,302	2,924	2,087	806
N.H.A. Private Ownership (3)	1,807	112	0	0
N.H.A. Total (4)	16,477	7,293	7,173	3,258
Non-N.H.A.	9,574	14,086	13,031	18,065
% Non-N.H.A.	36.8	65.9	64.5	84.7
Total	26,051	21,379	20,204	21,323

Note: * 1981 first three quarters only

(1) Includes all activity under old and new Non-Profit, Co-op and Public Housing Programs

(2) Includes expired Assisted Rental Program (Section 14.1) and new GPM program (Section 6)

(3) Includes expired Assisted Home Ownership Program (Section 34.16) and new GPM program (Section 6)

(4) Includes standard N.H.A. loan insurance.

Source: CMHC, Housing Market Report — Ontario.

TABLE 4
Average Apartment Rents
in the City of Toronto, 1981

	Number of Bedrooms				
Area	Bachelor	One	Two	Three	Four +
Central	303	366	448	510	—
East	228	279	327	357	—
North	256	325	401	464	510
West	254	293	353	422	—
Total City	267	322	391	463	510
% Increase from 1980	12.2	8.2	4.5	1.5	4.1

Source: CMHC, Rental Apartment Vacancy Survey, April, 1981
Sample Size — 42,630 units

TABLE 5
New Dwelling Units entering the Private Rental Market in the City of Toronto, 1980

Unit Type	Units		Rents		
	No. of Units	% Change from 1979	Range	Average	% Change from 1979 Avg. Rents
Bachelor	159	-75	292-450	307	+ 2
One Bedroom	215	-67	350-1000	469	+ 23
Two Bedroom	221	-40	325-3050	673	+ 46
Three Bedroom	94	-55	425-1099	925	+108
Four Bedroom	5	n/a	1200	1200	n/a
Total	694	-62			

Source: City of Toronto Planning and Development Department, Research and Information

TABLE 6
Comparison of Average Rents in New Housing in the City of Toronto, 1980

Unit Type	Private	Cityhome	Co-operative
Bachelor	307	259	230
One Bedroom	469	348	277
Two Bedroom	673	420	350
Three Bedroom	925	476	431
Four Bedroom	1200	517	485

Notes: Most private and Cityhome rents include utilities, co-operative charges do not.

Source: City of Toronto Planning and Development Department, Research and Information

TABLE 7
Comparison of Resale and New Sale Prices by Unit Type in the City of Toronto, 1980

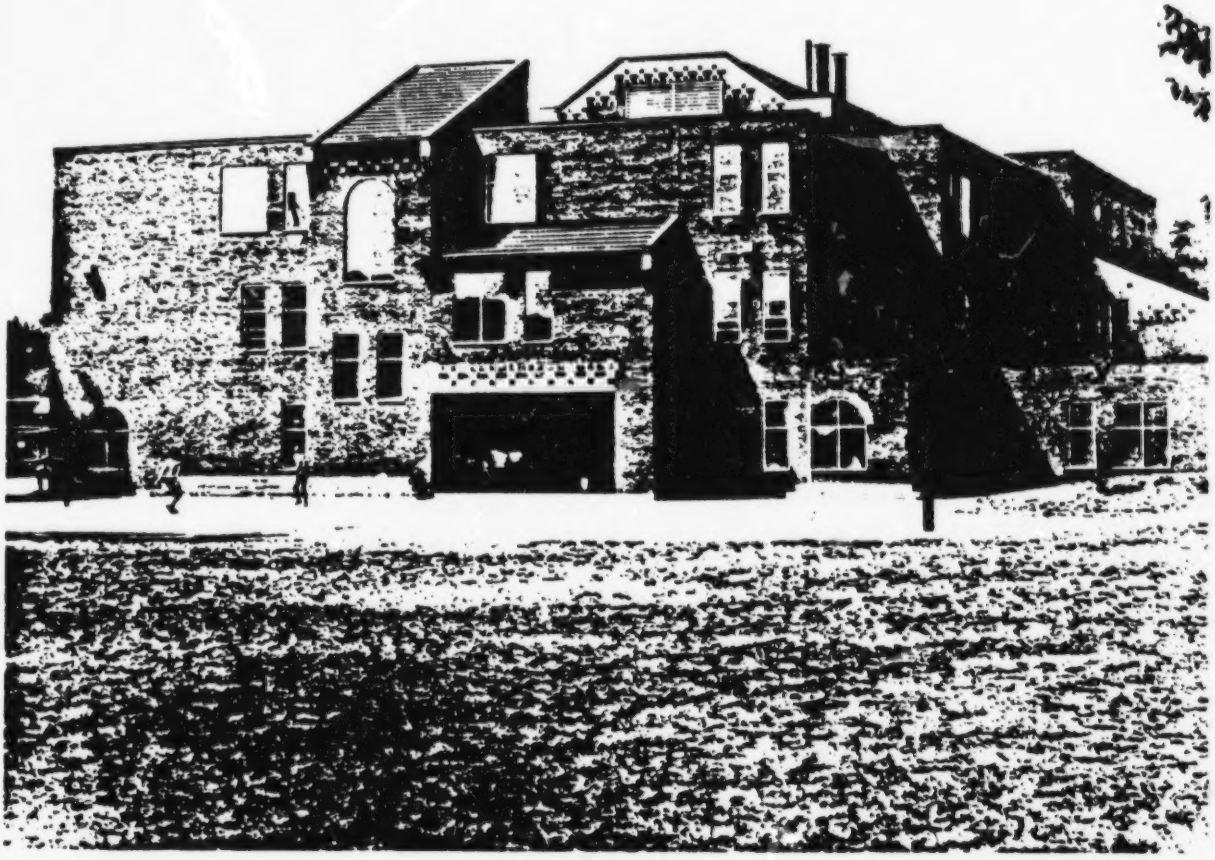
Type	New Sales		Resales	
	No. of Sales	Average Price	No. of Sales	Average Price
Residential Home	492	$137,253	9,419	$91,307
Condominium Row	42	115,107	104	86,737
Condominium Apartment	359	125,293	619	111,521
Total	893	131,403	10,142	92,494
% Change From 1979	+90	+26	-7	+15

Source: City of Toronto Planning and Development Department, Research and Information

TABLE 8
Vacancy Rates

Date	City of Toronto			Metro Toronto	Toronto CMA
	Private Units 6-18 months old (%)	Private Units more than 18 months old (%)	Private Units more than 6 months old (%)	Private Units more than 6 months old (%)	Public and Private Units more than 6 months old (%)
April 1978	n/a	0.7	0.7	0.9	0.8
October 1978	15.5	0.6	0.7	0.8	0.7
April 1979	14.0	1.0	1.3	1.2	1.1
October 1979	7.7	0.8	0.9	1.1	1.0
April 1980	8.0	1.0	1.1	1.0	1.1
October 1980	0.0	0.4	0.4	0.5	0.6
April 1981	0.3	0.4	0.4	0.3	0.5
October 1981	0.7	0.4	0.4	0.3	0.3

Source: CMHC, Rental Apartment Vacancy Survey October, 1981



An example of co-ordinated efforts by the City to provide community services in its new neighbourhoods, the new St. Bruno Separate School in Frankel/Lambert opened its doors in December, 1980.

2

Project Review and Targets

Progress on assisted housing developments in the City in 1980 was heartening — a sharp contrast to 1979, when the shift in program administration from the federal to the provincial government slowed up many projects. But while approvals were relatively smooth in 1981, feasible development opportunities were minimal. A review of individual projects shows that most either moved ahead roughly as scheduled, or soon will. There were some disappointments, however, such as the abandonment of prospective Cityhome sites because the feasibility of their development diminished during a lengthened approval process.

St. Lawrence Neighbourhood

Figure 5 identifies the major development parcels in Toronto's newest downtown neighbourhood. Construction is nearing completion at Cityhome's 176 The Esplanade, in Phase A-2. Occupancy is planned for early 1982 in this apartment/townhouse complex, which includes 20,000 square feet of commercial space, a public library and 303 residential units. Revenue Properties' luxury condominium apartments at Front and George Streets were all pre-sold (some at over $150,000) and were ready for occupancy during the summer of 1981. The last parcel in A-2, the parking lot east of St. Lawrence Market, will be redeveloped in 1983, following replacement of its parking spaces in a Parking Authority garage in Phase C-1.

Phase B-1, the bulk of St. Lawrence east of Sherbourne Street, was well underway in 1980 and 1981. Construction proceeded on seven sites in this phase:

- Cityhome's 15 Scadding Avenue project will have 281 units plus a daycare centre, with completion scheduled for the beginning of 1982.
- Aralia Holdings Limited ownership townhouses (106 three-bedroom townhouses and 11 duplexes), and 10 two and three-bedroom rental units sold by Aralia to Cityhome. Sales have closed for all but three of the freehold units at time of writing and most residents moved in earlier in 1981.
- Four cooperative or private non-profit projects with a total of 305 units, located for the most part between Berkeley and Parliament Streets: Caroline Cooperative, Les Centres d'Accueil Heritage, New Dimensions, and Harmony "B". Some of Caroline's units were occupied before the end of 1980, and the rest were occupied early in 1981. All the remaining units in this block will be completed in mid-1982.
- Crombie Park was extended to Berkeley Street in the summer of 1981, with gardens, fountains, a stage, and hard and soft surface play areas.

Initial plans are underway for the two parcels (B-8 and B-9) in Phase B just north of the freehold townhomes. City Council accepted the offer of $4.1 million from Altona Holdings Limited on Block B-8. Construction is expected to begin on 210 private condominium units by February, 1982. Block B-9 will be developed by the Windmill Line Cooperative as an apartment building containing 206 units, concurrently with Block B-8.

Preliminary plans are being worked out for a public school and community facility to occupy that part of Phase B between Berkeley and Parliament Streets directly north of Crombie Park. Consultation underway involves neighbourhood residents, the City Housing, Planning and Development, and Parks and Recreation Departments, and the Toronto School Board.

Construction on the first section of the Phase C-1 garage by Rampart Enterprises has started. The garage, with a 1045 car capacity upon completion in 1982, is one part of the negotiated deal. Rampart intends to develop its own mixed-use complex and is constructing for Cityhome a 166-unit apartment building on top of the garage. The Cityhome building, 55 The Esplanade, will be ready for occupancy early 1983. While the firm is in the process of planning the re-positioning of its 375-unit condominium tower, it is also investigating the possibility of erecting an hotel on the site.

Acquisitions were completed in Phase C-2, between Church and Market Streets. An independent architect/planning consultant has prepared a report which recommends a comprehensive site plan for City-held lands and the Gross Machinery site.

Frankel/Lambert Neighbourhood

In Frankel/Lambert, 1980 saw the successful occupancy of the 70-unit Cityhome project at 470 Melita Crescent and 39 scattered units among the 100 townhouses developed by Victoria Wood, as well as the two cooperatives, Fred Dowling and Arauco, with 102 units between them (Figure 6).

A proposal call was held for a cooperative developer for Blocks 9 and 11 and the site was awarded to the Lotus Cooperative, a group assisting Chinese/Vietnamese Refugees. A new policy of charging cooperatives who lease land from the City an administration fee (to be paid from their organizational expense recovery) was established with Lotus. Lantana Non-Profit Housing Inc. is acting as the resource group for Lotus on this project. Construction on 80 stacked townhouses started in August 1981.

Designs were approved and tendered for Block 13 and construction on this 96-unit Cityhome apartment project began in the summer of 1981, with completion scheduled for the fall of 1982.

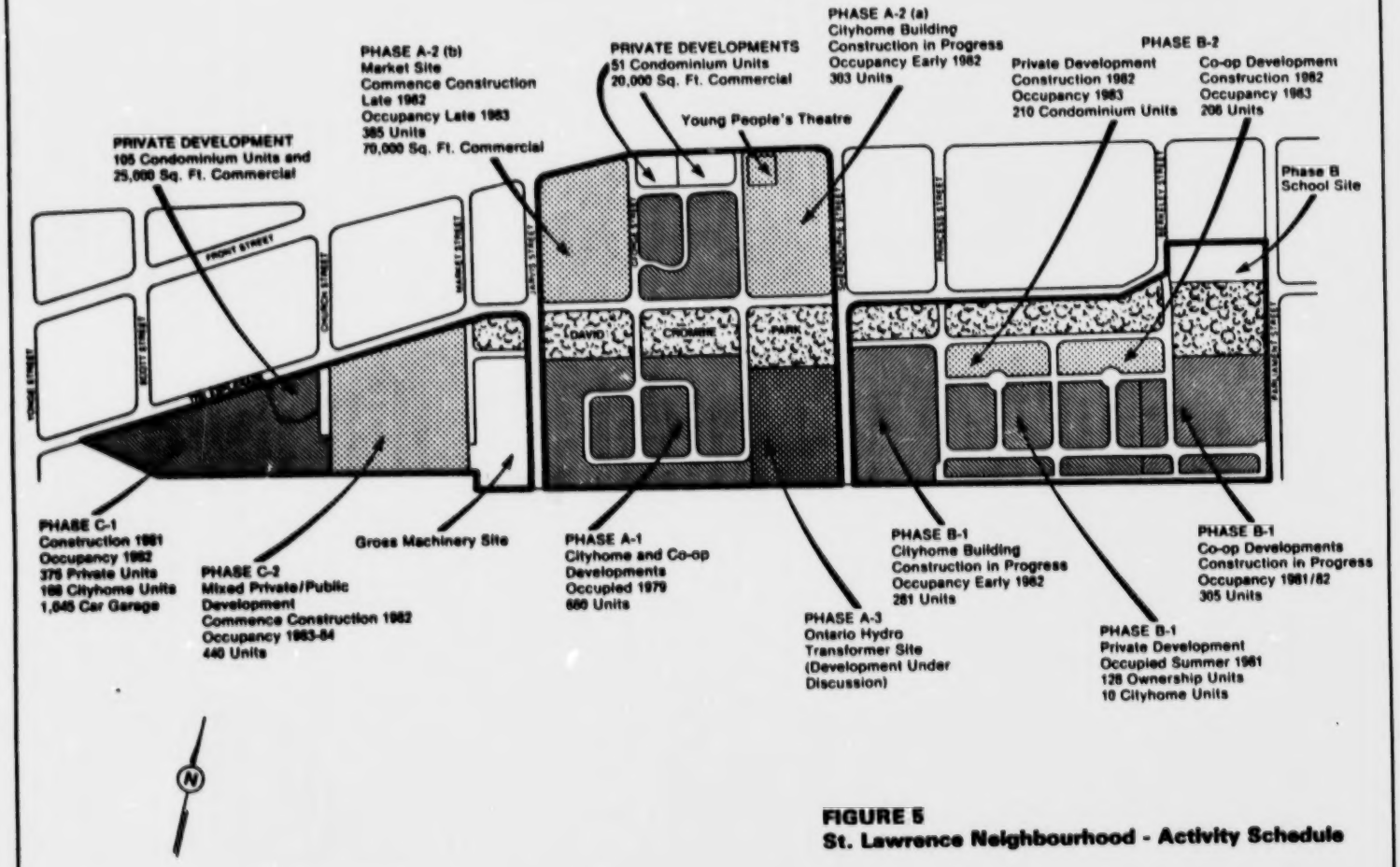


FIGURE 5
St. Lawrence Neighbourhood - Activity Schedule

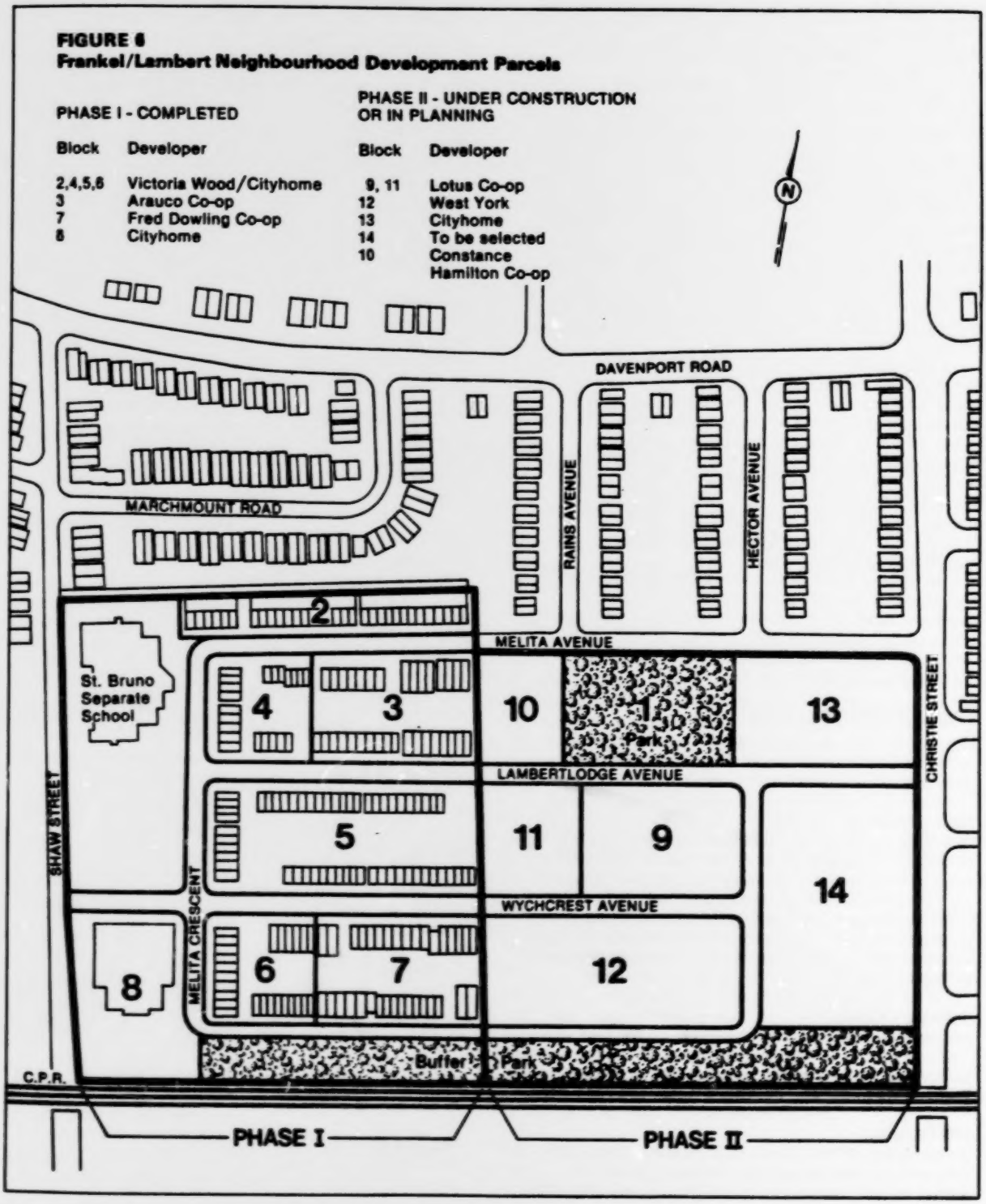
FIGURE 6
Frankel/Lambert Neighbourhood Development Parcels

PHASE I - COMPLETED

Block	Developer
2,4,5,6	Victoria Wood/Cityhome
3	Arauco Co-op
7	Fred Dowling Co-op
8	Cityhome

PHASE II - UNDER CONSTRUCTION OR IN PLANNING

Block	Developer
9, 11	Lotus Co-op
12	West York
13	Cityhome
14	To be selected
10	Constance Hamilton Co-op



Block 10, originally planned as a Cityhome site, will be leased to the Constance Hamilton Cooperative, which proposes to construct 31 townhouses. Building is expected to commence late in 1981 once minor variances have been obtained.

West York Development Corporation won a proposal competition for Block 12. Construction began in December 1980 of 56 private ownership townhouses, including 10 duplexes. Following criteria adopted by Council to discourage speculation and to encourage family occupancy, the Housing Department is screening applications and referring approved purchasers to the builder. There have been many more applications received than there are units available. Construction was completed by September 1981, with several purchases being initiated shortly afterward.

Improvements to the Hydro right-of-way park commenced at the end of 1980 and are expected to be complete by the summer of 1982.

Chateau Gardens, the intended developer of Block 14, went bankrupt in 1979 and other nursing home operators found it impossible to obtain provincial licences. It was necessary, therefore, to cancel plans for a combined senior citizens' residence/nursing home on this site. A new proposal call went out in the summer of 1981 advertising sale of the site to accommodate 150 to 200 units. This call proved unfruitful with no reasonable offers coming forward. The site may be considered for sale under less modified conditions.

St. Bruno Catholic School was completed in 1980 and students were relocated from the portables that had been used for a few years. With the closing of the sale of provincial lands in the spring of 1981, and removal of the school portables, all major development obstacles have been cleared.

Other Cityhome Sites

Figure 7 locates the projects Cityhome has built, acquired or planned to date. Progress on sites in planning or under construction is summarized below.

Wales Avenue
When legal difficulties resulted in suspension of construction and possible costly damage to the incomplete structure, Council agreed to loan to Cityhome the funds required to resume construction. Development is nearing completion, with ground being broken for the last of the four structures late in 1981. Occupancy of this 30-unit project is scheduled for the spring of 1982.

Berkeley/Queen
Approvals for this project were held up for four years and mounting holding costs finally made it impossible to develop the site within regulated price restrictions. The site was sold and the City's expenses recovered.

295 Ontario
Construction on this 9-unit infill building started in 1980 and proceeded without hitches. Completion earlier in 1981 has helped to maintain some affordable housing in what is becoming, through renovation, a very fashionable neighbourhood.

57 Charles Street West
The private developer of this site utilized the Official Plan's density bonus for the inclusion of assisted housing. The Ontario Housing Corporation was reluctant to make a commitment under the Private Rent Supplement Program, and other conventional assisted housing programs proved impractical. The solution was to enter into an agreement with the Metropolitan Toronto Housing Authority whereby it would provide rent supplements for tenants from the Cityhome waiting list. This agreement was obtained only after prolonged and difficult negotiations.

Kennedy/Glendonwynne
This site will no longer contain any assisted housing. A rent supplement arrangement similar to that of the Charles Street project was dismissed by the Ministry as overly complex.

Oakmount/Mountview
In an effort to avoid an Ontario Municipal Board hearing on variances, an alternate design, one within the terms of existing zoning, was developed. Subsequently, two modified tender calls failed to yield prices within the project budget and City Council approved the sale of the site to avoid additional time being spent trying to secure OMB approval with less-than-certain chances of success.

St. Stephen's
City Council decided to sell this ex-church site at 1389 Queen Street East to Riverdale Cooperative. The property was transferred in the spring of 1981 to a trust company to hold for the cooperative, and upon completion of rezoning, construction should be underway by 1982. Occupancy is expected during 1983.

Blocks 48 & 50
The acquisition of surplus subway lands fronting on Brunswick, Howland and Albany was approved in 1980. Lengthy discussions with the Annex Residents' Association produced an acceptable design, which subsequently had to be modified to comply with a Committee of Adjustment decision. Pending judicial review, construction of 21 units is planned to begin in March of 1982.

Chatham/Oakvale
When this 10-unit project was tendered, prices came in over budget. A modified schedule of 12 smaller units using the same building space is being considered in the hope that a reduction of parking required will receive Committee of Adjustment approval. Construction is tentatively set to commence in the spring of 1982.

Mutual Street — Bay/Edward
This project was conceived from complex negotiations exploring satisfactory means for a private developer to

supply assisted housing and secure a commercial bonus for a mixed-use development at Bay and Edward Streets. As with other bonus deals, the Housing Department has faced considerable frustration in working out an acceptable deal. No agreement has been reached at this time.

Asquith Park
As part of a land exchange with Crown Life Insurance, this site represents a most desirable Cityhome project location. Preliminary designs were approved in November 1980 and working drawings were three quarters complete a year later. By August 1983, 192 households are expected to move into this development — a 17 storey apartment building near the intersection of Yonge and Bloor, directly behind the Bay Centre.

Greenwood/Walpole
This site is presently a Public Works yard. A competition was held in September 1980 to select a consultant to draw up preliminary designs for purposes of a rezoning application. Land transfer had been approved, a consultant selected, and site investigations completed by November 1981. Occupancy of 170 townhouse and apartment units is planned for early 1984.

139 Stephenson Avenue
A rezoning will be required to permit residential development of this site, beside Cityhome's existing 111 Stephenson project. An agreement of purchase and sale has been signed with a closing date of September 1982. Soils tests, noise analysis and surveys have been completed for this stacked townhouse project of 94 units. Architects have been engaged and schematic designs are being prepared. The response to a public meeting was reasonable and the rezoning application is scheduled for close to the end of 1981.

Homewood Avenue
Part of a developer assembly, the success of this turnkey project depended upon an acceptable price being negotiated with the builder and the securing of rezoning. Taking his signals from an increasingly buoyant downtown residential market, the owner decided not to pursue Cityhome's proposal. A potential of 140 Cityhome apartments were lost.

College Park
This is another project resulting from density bonus considerations. Concentrated negotiations in 1980 resulted in Cityhome and the developer coming close in price. In fact, the developer invested a considerable sum in architectural design. Satisfactory resolution of the pricing issue would see a 1982 occupancy for about 175 households in a prime location.

Springhurst/Dowling
Development on this privately owned site was discussed with the owner over much of 1980. The owner subsequently decided to sell the site privately.

Bathurst/Adelaide
Upon completion, this 150-unit, 11 storey apartment building will be purchased from Murhal Developments as a turnkey project. The site planning by-laws are in place but minor variances are required from the Committee of Adjustment.

Queen/Victoria
Negotiations are underway to secure for Cityhome this City-owned site which is located in an established east end neighbourhood. If all goes well, construction will begin late in 1982 on three new triplexes under the existing zoning.

21-23 Pembroke
Cityhome will take over 8 units which are part of a larger private project, culminating successful negotiations arising from the City's density bonus policies. The units are being rehabilitated to Cityhome specifications and will be ready for occupancy by March 1982. A mortgage commitment is expected from the Ministry of Municipal Affairs and Housing late before the end of 1981.

Coxwell Stables
Plans for this two-storey City-owned stable and adjacent single-storey office, built in 1919, call for complete renovation — using and converting the existing structures to provide 11 units. The surrounding site will become a neighbourhood park. Occupancy should begin by late 1982 or early 1983, contingent upon successful rezoning.

430 Broadview
This City-owned office building until recently held a district office operated by the Public Health Department. It is ideal for conversion to 14 residential units. Discussions of this conversion began shortly after the availability of the site was circulated to City departments. Unfortunately, partly because of language in the Zoning By-law which fails to consider conversion possibilities such as this, a rezoning will be required. This is expected to take close to a year to complete.

27 Wellesley Street East
The owner of this property was obligated to supply 11 assisted housing units in compliance with a density bonus agreement. When neither the Ministry of Municipal Affairs and Housing nor Cityhome were able to accommodate units in the Wellesley building within their own programs, the Housing Department entered negotiations to purchase an older apartment structure owned by the same group at 189 Gerrard Street East. These negotiations ground to a halt when an agreement on price could not be reached. With an injunction proceeding, which would have cleared units in the Wellesley property, the owner and the City settled on terms requiring the owner to himself subsidize rents in 12 units on Wellesley Street.

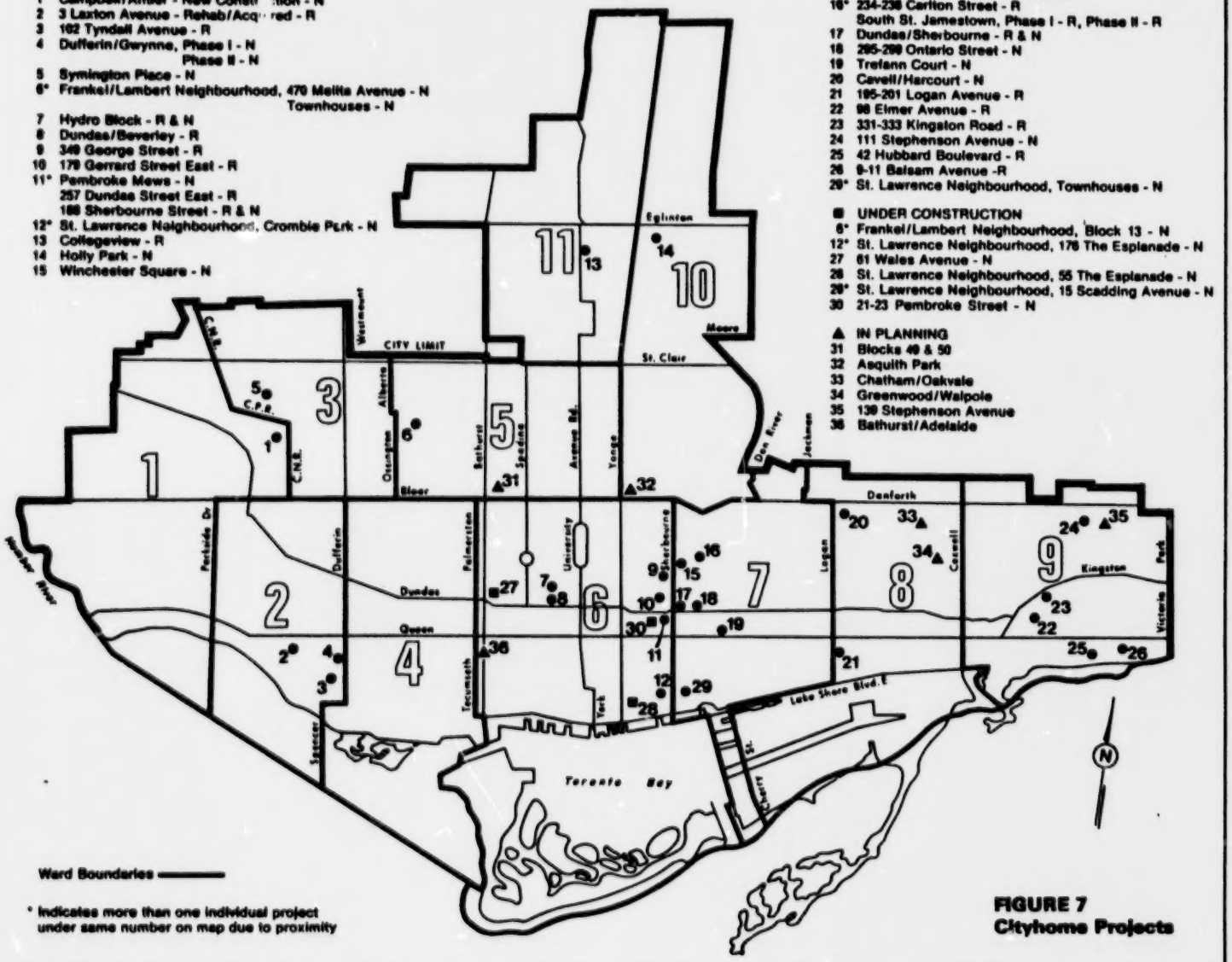


FIGURE 7
Cityhome Projects

Target Review

Assisted Housing Approvals

Table 9 sets out the targets adopted for 1980 and 1981. A tally of actual Cityhome approvals for the projects described above shows 864 units in 1980 — the largest number of new units approved in a single year in Cityhome history, but still well off the mark. With few feasible development opportunities arising over the past year and with negotiations stalling or killing other projects which required a staff commitment, the 1981 target of 283 new units and 8 existing units was considerably lower than normal. It is gratifying at least to see that this target was fully met.

The 1980 target for new cooperative and private non-profit housing was 1191 units. Thanks to the unexpected rezoning approval of Copernicus Lodge Phase II (which will not receive a CMHC commitment until 1982), the achievement for 1980 stood at 871 units, with unit counts revised in other projects relative to the original targets. Projects containing 170 units were scrapped and delays held back another 270 units which were subsequently included in the 1981 target. Only one project making up the 1981 target failed to proceed on schedule. Rezoning for the Stanley Knowles development will hopefully be obtained in 1982. This leaves the 1981 approval total, after adjusting for revised project mixes, at 533 units.

Although one of the larger planned cooperative acquisitions was scrapped, the unanticipated approval of Ronald MacDonald House under the Private Non-Profit Housing Program resulted in the 1980 acquisition target being exceeded. By the end of the year, 242 existing units had been approved for purchase by cooperatives and private non-profit groups. It was expected that the 1981 total would amount to about 70 units, reflecting CMHC commitments for a number of small projects. A couple of larger projects included in the 1981 target involved negotiations which dragged into 1982.

Metro Housing's Mt. Pleasant/Eglinton project, which had received Planning Board approval earlier, did not receive formal City Council endorsement until January of 1981. Application for rezoning of the Yonge/Sherwood site was postponed at first until 1981. There were consequently no Metro Housing units approved in the City in 1980. Two projects already approved did not start construction in either 1980 or 1981: Hilltop Acres because the Ministry of Community and Social Services did not commit funds for the Homes for the Aged component, and Trefann Court for marketing reasons. The Yonge/Sherwood project's unit count was altered in 1981 and rezoning rescheduled to be completed in 1982. 1981 approvals, therefore, amounted to 187 units.

Other Target Achievements

Because of the changes to federal and provincial social housing programs, the setting of "low-income allocation" targets has been reduced to an almost meaningless academic exercise, and measurement of achievements has become very complicated.

The first projects sponsored by the new non-profit and cooperative housing programs are just now coming on-stream. In the municipal non-profit program, a flat 25 per cent rent-geared-to-income (RGI) component is established for each project. In the cooperative program, the groups set 15 per cent as their minimum bench mark and strive for 25 per cent or more where possible. However, the actual proportion is varied according to the availability of subsidies for rent supplements once project rents have been reduced to "low end of market". In addition, a group may use the new provincial OCHAP program to obtain a 25 per cent RGI allocation. Thus it has become difficult to determine how many geared-to-income units are in fact being delivered. Since targets formerly reflected the flexibility to set RGI levels at other than the standard 25 per cent (a flexibility no longer available), there is little purpose in retaining the old target procedures.

The Commissioner of Planning and Development's *City Monitor* series attempts to detail family housing approvals, but given Council's strict definitions of family housing, it is difficult to both measure achievements and reach targets. In Cityhome and family co-op projects approved in 1980, for instance, it took considerable effort to determine that only about 210 units (18 per cent of the totals in these projects) were technically family units. This whole process requires careful review and will be discussed in more detail in the housing policy report to be issued by the Commissioner of Planning and Development in January 1982.

Another area requiring more complete research is the setting and monitoring of targets for housing for the disabled. Experience suggests that the targets have generally been appropriate, but there has been no way, so far, to measure approvals among all the different producers. In just the Cityhome projects approved in 1980 and 1981, there are or will be 26 handicapped units. The Housing Department intends to investigate the type and number of units needed by the disabled, relative to the design and financial practicality of meeting targets.

Little use was made of City landbanking funds for the acquisition of new sites in 1980 or 1981. Tentative discussions with the owner of a major industrial site (included in the 1980 target) did not prove productive. Blocks 49 and 50 in the Annex, together about two-thirds of an acre for the construction of 21 units, were the only purchases under the landbanking program. In 1981, the purchase of 2.2 acres in Phase C-2 of St. Lawrence yielded close to the year's target. It is unfortunate that the target, though realistic, had to be so low. Although there is still some land available for development, its price puts it beyond the ceilings set by the non-profit program. At least in 1980 and 1981, the generally frustrating job of searching for development possibilities for new assisted housing involved greater reliance upon turnkey prospects and promising sites already publicly owned.

The City processed only 133 approvals for private home repairs under the Ontario Home Renewal (OHRP)and the Residential Rehabilitation Assistance

TABLE 9
Targets required under Official Plan Amendments for Housing as adopted for 1980 and 1981 and proposed for 1982

Targets	Adopted 1980	Adopted 1981	Proposed 1982
New Assisted Units			
City Non-Profit	1,309	283	846
Private Non-Profit	1,191	607	530
Metro Housing	297	297	125
Total	2,797	1,187	1,501
Acquisition of Assisted Units			
City Non-Profit	0	8	125
Private Non-Profit	213	115	166
Total	213	123	291
Low Income Allocation in New and Acquired City & Private Non-Profit Units	752	253	417
Private Market Units	2,000	2,000	2,000
Housing for Families with Children			
Assisted	695	267	413
Market	400	500	500
Total	1,095	875	913
Housing for Handicapped	50	50	50
Land Banking — Acres	11.0	2.5	6.1
Rehabilitation Assistance OHRP/RRAP*	200	150	150
Housing Priority Areas	St. Lawrence Frankel/Lambert Core Area, including Harbourfront	Harbourfront South Riverdale	Harbourfront South Riverdale

* Ontario Home Renewal Program and Market Sector Residential Rehabilitation Assistance Program

Notes: Targets for new units are based on first major municipal approval (rezoning, development review or building permit). Acquisition targets are based on federal or provincial funding approval. Land banking target relates to purchase of sites using accounts set aside for that purpose. Family and handicapped targets are included in, not additional to, the overall assisted and private targets.

Source: City of Toronto Housing Deparment, 1981

Programs (RRAP) in 1980. Administrative problems with RRAP continue to limit its popularity in many Ontario cities, including Toronto. And OHRP, whose provincial budget allocation has been held constant for a number of years, is being spread thinner and thinner. Although income restrictions have been eased, take-up of the program is not likely to show significant improvement until there is an increased commitment made to it by the provincial government.

In the report proposing the 1981 targets adopted by Council, reference was made to the federal response to the low 1980 RRAP/OHRP target (which we see was not met): "the suggested target for rehabilitation assistance is low in relation to needs." Indeed, this criticism could be levelled at *all* the housing targets, but there seems little point in establishing annual targets which would strain credibility. The 1981 RRAP/OHRP target was reduced to 150 units and it appeared unlikely at the time of writing that even 100 units would actually secure required loan approvals. There is certainly no cause for optimism in targeting the take-up of these programs. One can only hope that the response to the concerns raised by Council and others about the effectiveness of RRAP and OHRP will be heeded.

Targets for 1982

Assisted Housing Targets

Table 9 summarizes targets proposed for 1982. As in recent years, the targets are based upon anticipated project schedules, according to their proponents. For new construction, the targets relate to the first major approval required of Council: rezoning, development review, or building permit. For rehabilitation projects, where the only Council approval may well be a permit (which could be difficult to monitor), the targets relate to federal or provincial funding commitments. While every effort is made to be as realistic as possible in formulating the targets, it must be recognized that project proponents may have optimistic expectations. Conversely, projects may arise which have not been specifically included in targets; these should receive every consideration to ensure expeditious processing.

By drawing the targets to the attention of other governments, which may have already extended approvals (or may never), Council signifies its own commitment and expectations, so that funding approvals can be coordinated accordingly. On the basis of information supplied by the Ministry of Municipal Affairs and Housing, Council may, in 1982, face a situation where some projects will not be allowed to proceed because budget allocations will forbid further commitments. Council may have to fight for the projects it supports. Given the sorry state of the housing market in the area, this is a reprehensible state of affairs.

The Cityhome 846-unit new construction target involves the following projects: Bathurst/Adelaide, Queen/Victoria, College Park, Bay/Edward (or Mutual Street), Greenwood/Walpole, 139 Stephenson, and Harbourfront (assuming a portioning of Bathurst Quay among Cityhome and other non-profit groups).

Cityhome and the Ministry of Municipal Affairs and Housing still lack the joint experience to determine the likely success of more aggressive acquisition activities. But there are some indications of cooperation, and both needs and market conditions make acquisitions an increasingly attractive social housing option. The target of 125 units, which includes the Coxwell Stables and 430 Broadview conversions, signifies the Corporation's intention to seriously seek out acquisition possibilities.

Besides a component at Harbourfront, the 630-unit new construction target for cooperative and private non-profit groups includes the Stanley Knowles development and the Copp Clark project — 80 units which will need a rezoning to proceed.

The cooperative acquisition target is composed of a number of scattered units plus two larger projects, on Kingston Road and near Bathurst and St. Clair.

Other Targets

The "low-income allocation" target has been set at 25 per cent of the total Cityhome and private non-profit unit targets. This level would require full take-up of the provincial government's OCHAP program to be realized.

The private housing total and family targets, for want of a better approach and in recognition of private achievements to date, has been maintained at implied Official Plan averages. The assisted family unit target has been set at the proportions implied by the Official Plan, but it is unlikely, applying the strict Plan definitions, that either private or assisted family targets will be met. Again, for want of a better method, the handicapped housing target has been kept at the same level as in past years.

The landbanking target reflects the scheduled closing on the sale of 139 Stephenson and the proposed purchase of a major site currently under discussion with its owners.

The 150 unit RRAP/OHRP target is perhaps optimistic, given recent experience, but positive action by the federal and provincial governments to enhance the impact of these programs is long overdue.

The Official Plan calls for "annual housing priority areas in order to identify locations within the City where its targets are to be met, and in order to ensure that an adequate level of residence-related services and facilities are to be available." The adopted 1981 priority areas, Harbourfront and South Riverdale, were chosen because of their major development potential and the challenges to be overcome in realizing that potential. As there has been insufficient time to follow through on the "priority" given to these areas, it is appropriate that they continue to be designated for 1982.

Given the scarcity of suitable development prospects, no site, no matter how small, should be overlooked in the effort to achieve some semblance of balance between private and assisted production. Really, the entire City should be considered a housing priority area. Even if all targets for 1982 are achieved,

the assisted sector will fall further behind in meeting the long term objectives of the Official Plan. There simply are not enough sites which are physically and financially feasible within the restrictions of the non-profit and cooperative housing programs to permit greater success in meeting Council's housing goals. Cityhome will have to explore rehabilitation and conversion opportunities and will require more hard support and an easing of program restrictions if the targets are to be brought within reach.

The Official Plan targets for assisted housing were themselves based upon historical performance and realistic expectations about future development potential, assuming that all forms of housing assistance then in existence would continue. Since the Plan was amended, we have seen the demise of the landbanking program, AHOP and ARP, and a radical restructuring of the cooperative and non-profit programs. It is therefore not surprising at all, especially considering the unprecendented inflation of the last couple of years, to watch targets slip more and more out of reach.

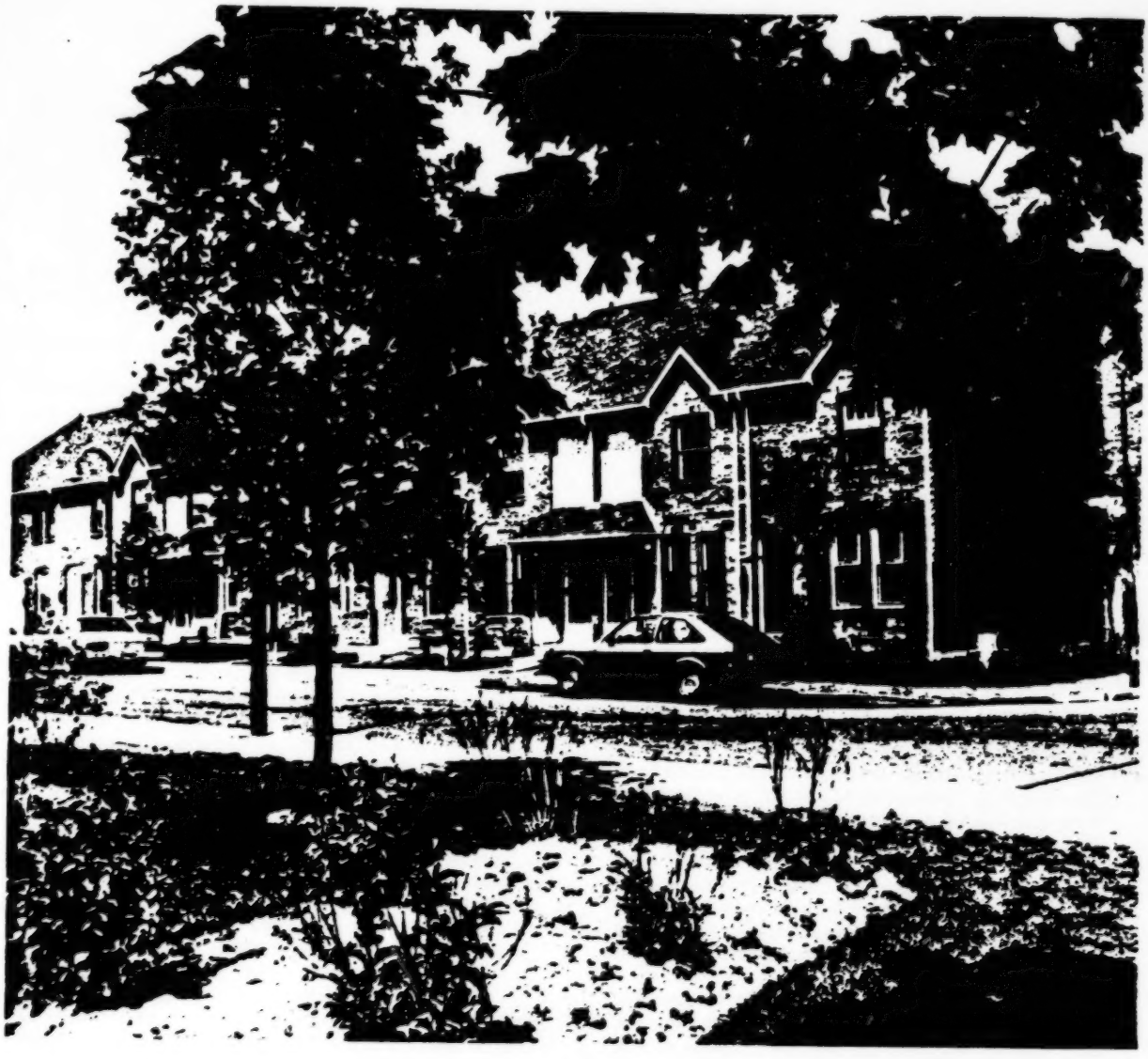
What is most disturbing, however, is that the targets themselves fall far short of the production levels required for a totally committed response to the needs of low and moderate income households. The combined assisted housing construction targets (some 2,000 units annually in the Plan, even less in targets adopted for specific years) do not stack up well against the existing lists for Cityhome and cooperative housing. Applicants are coming faster than they can be housed and, as Chapter 1 detailed, waiting lists are growing steadily. Just to meet the immediate needs of its own applicants, Cityhome would have to build 16,000 units — over 5 times as many as there are in the current portfolio. Of course this sort of production, even if feasible, may not be desirable from a long term perspective. But it is obvious that not enough is being done today.

The residents of Toronto must rely heavily upon the assisted housing sector to supply their needs for new rental accommodation. But assisted developers are themselves having a tough time. The mere presence of approval targets and of an aggressive development agency owned by the City cannot solve Toronto's housing shortage. The problems may be growing more quickly than the City's capacity to deal with them. The overall performance of the market is beyond Council's control, but, with the cooperation of its partners in the housing business, Council can still make a significant contribution to meeting the needs of Toronto tenants.

Recommendation

That:

- The housing targets for 1982 contained in Table 9 of this report be adopted by Council and forwarded to both the Ontario Ministry of Municipal Affairs and Housing and the Canada Mortgage and Housing Corporation.



Cityhome townhouses in the Frankel/Lambert Neighbourhood pleasantly reflect the nature of an established residential community.

3

Cityhome — Projects, People, and Management

Previous annual reports of the Housing Department have contained little more information on Cityhome projects and tenants than the maps and reviews found in Chapter 2 of this report. But the Corporation has been operating for so many years and grown to such a size that a more detailed review is in order.

The portfolio summaries which follow depict Cityhome's historical progress in development and describe the overall composition of the projects under management. As the number of units has grown, it has become more difficult to record accurately the composition of Cityhome tenants. Computerized analysis of survey and file data has been undertaken for this report to provide Council with a more comprehensive picture of the people who apply for and live in its housing.

The Portfolio

Table 10 traces the projects and resulting units which Cityhome has either acquired or built since its inception in 1974. Figures for 1981 and 1982 are estimated on the basis of current construction plans. To date, three projects and three houses have been disposed of, a total of 361 units. The projects were turned over to cooperatives created by Cityhome tenants and the houses were sold on the open market to defray the Corporation's deficit. The most recent cooperative "spin-off" involved the takeover by tenants of Cityhome's 20-unit apartment building at 80 Kippendavie Avenue. (Another project, Collegeview Apartments, is in the process of spinning off, with the actual transfer expected in late 1982.) These sales are reflected in the cumulative totals in the final column of the table. With the unit sales, the number of Cityhome units in acquired projects has declined from a 1977 peak. Growth in new construction, however, will give Cityhome over six times as many units in 1982 as the Corporation started with in 1975 (its first full year of operation), giving the City direct control of close to three per cent of its entire rental stock.

Early Cityhome projects, both new and acquired, contain a higher proportion of smaller units than more recent developments. In spite of a gradual shift in favour of larger units, non-family apartments continue to dominate the portfolio (Table 11). Application of the strict Official Plan definition of family housing yields less than 29 per cent family units, even though 36 per cent of all Cityhome units have two or more bedrooms.

Of interest is the geographic dispersion of Cityhome units by Ward (Table 12). Although every Ward has some Cityhome accommodation, Ward 4 has almost none while Wards 6 and 7 between them have over 57 per cent of the entire portfolio. These two wards contain 56 per cent of the new apartments and 75 per cent of units in acquired apartments. Most of the scattered houses are located in Wards 8 and 9.

Tenants and Applicants

Cityhome Tenants

In the summer of 1980, the Housing Department conducted a mail survey of Cityhome tenants. At the time of the initial survey analysis and during subsequent analysis, file data from existing projects and projects just being occupied were added to create as large and representative a sample as possible. As new data were entered, income information more than one year old was deleted to maintain data reliability.

From the projects covered by the original mail survey, just under 53 per cent of the sample were supplemented units, biasing the analysis slightly since the projects themselves contained only 50 per cent supplemented units. As data were augmented from newer projects, both sample and portfolio were reduced to 45 per cent supplemented units, with income data available from just over half of the portfolio (excluding rooming houses).

Once preliminary income analysis was completed, a series of checks was conducted on the reliability of the results. These included a comparison between the mail response for one project (which had a one-third mail-back rate) and that project's files, which were complete and up-to-date. As well, data on five projects which were derived primarily from files were compared with overall portfolio data. These checks confirmed that reported incomes did not differ significantly between the mail component of the survey and the more comprehensive file input.

Tenant Incomes

As many City Council policies relating to Cityhome and to assisted housing generally are directly concerned with household incomes, it is of special interest to examine Cityhome tenant incomes in some detail. Table 13 presents tenant incomes in $5000 classes. These data represent an update from those reported to Council in 1980 made possible by the addition of file information for new tenants. The bulk of these incomes are recorded in 1980 dollars.

About 87 per cent of Cityhome households have incomes under the estimated City-wide median of $20,880 (1980). This is comfortably within the 80 per cent target established by City Council in October 1980 as a trigger for program review. There has been no perceptible shift in Cityhome tenant incomes to this point in time, but, as discussed later in this report, there is cause for concern as rents increase and the housing market tightens, giving rise to more

TABLE 10
Cityhome Projects and Units
Annually by Date of first Occupancy or Takeover

Year	No.of Projects		No. of Units		No. of Houses	Cummulative Total Net of Unit Sales		
	Acquisition	New	Acquisition	New		Acquisition	New	Total
1975	8	-	584	-	38	622	-	622
1976	5	2	276	355	92	990	355	1,345
1977	5	2	191	202	61	1,242	557	1,799
1978	3	4	104	553	34	1,120	1,110	2,230
1979	-	3	-	365	30	1,150	1,475	2,625
1980	-	6	-	550	8	1,080	2,025	3,105
1981	-	2	-	19	-	1,057	2,044	3,101
1982	1	6	8	743	-	1,065	2,787	3,852

Notes: "Units" are assumed equivalent to households, so that rooms count as units. Projects with two phases or with both acquisition and new construction are split and recorded as two projects.

Source: City of Toronto Housing Department, 1981

TABLE 11
Unit Breakdown of Cityhome Projects under Management, December 1981

Unit Type	No.of Units	Percentage of Portfolio
Beds/Rooms	349	11.2
Studio/Bachelor	695	22.4
Jr.One/One Bedroom	944	30.4
Two Bedroom	548	17.7
Three Bedroom	467	15.1
Four Bedroom	77	2.5
Five Bedroom	16	0.5
Six Bedroom	5	0.2
Total Units	3,101	100.0
Total Family Units	894	28.8

Notes: See Table 10 for "Unit" definition.
"Family Units" have two or more bedrooms, are within three storeys of grade, and provide direct, non-mechanical access to grade.

Source: City of Toronto Housing Department, 1981

TABLE 12
Number of Cityhome Projects and Units Under Management by Ward, December 1981

Ward	Number of Projects		Number of Units		No. of Houses	Total No. of Units
	Acquisition	New	Acquisition	New		
1	-	1	-	100	17	117
2	2	1	66	144	8	218
3	-	1	-	261	19	280
4	-	-	-	-	4	4
5	-	2	-	109	3	112
6	6	4	181	519	-	700
7	4	5	417	633	31	1,081
8	1	2	3	59	111	173
9	4	1	81	50	66	197
10	-	1	-	169	1	170
11	1	-	49	-	-	49
Total			797	2,044	260	3,101

Notes: See Table 10 for "Unit" definition. Projects with both acquisition and new construction are split and recorded as two projects.

Source: City of Toronto Housing Department, 1981

TABLE 13
Cityhome Household Incomes Percentages in Specified Income Classes

Household Income	% of Households
$0 - 4,999	27.71
$ 5,000 - 9,999	23.71
$10,000 - 14,999	21.93
$15,000 - 19,999	12.57
$20,000 - 24,999	6.43
$25,000 - 29,999	3.43
$30,000 - 34,999	2.43
$35,000 - 39,999	0.93
$40,000 - 44,999	0.43
$45,000 and over	0.43

Average = $11,524
Median = $ 9,600

Source: City of Toronto Housing Department, 1981
Sample Size = 1,400 households

extreme incomes. The Housing Department is in the process of further updating its computerized tenant files to see if any changes occurred through 1981. A report on this matter is expected early in 1982.

Tenant Household Composition

Based on the survey and file analysis, which yielded information on 1585 households, tenants living in Cityhome units are young: almost 50 per cent are less than 30 years of age, with 26 per cent under the age of 18. Senior citizens (over 60 years of age), who according to Metro Social Services' last count comprised about 16 per cent of the City population, are proportionately represented in Cityhome with the same 16 per cent.

Considering the unit distribution discussed earlier, it is not surprising to observe that single people are the biggest group in Cityhome. At almost 62 per cent, the sample may be slightly biased in favour of singles, but probably not to a great degree. Of the singles in the sample, about 57 per cent are women.

Owing to Cityhome's income integration and its waiting list procedures, single parent households have not gained the dominance in Cityhome that they have in some other forms of assisted housing. Just over ten per cent of Cityhome units contain female-headed single parent families and just over one per cent have male-headed single parent families. About 21 per cent of Cityhome households contain couples who are married or living in a common-law relationship, and a little over one-half of these have children less than 18 years of age at home.

Those households in Cityhome which include children under 18 years of age have about two children per family. The average household size overall is approximately 1.9 persons, making Cityhome "home" for close to 5900 people.

Applicants for Cityhome

A tally of the Cityhome waiting list places the number of active applications for rent-geared-to-income accommodation, as of November 1981, at just over 4000 households. This includes almost 900 who previously or currently live in other subsidized housing and whose eligibility for transfer has not been totally established. The list has been growing far more quickly (at 100 to 130 new applications per month) than it has been shrinking. The total waiting list now represents over 9300 people.

Since the waiting list is now composed of RGI applicants only, very low incomes are evident. The median income in November 1981 was $6,276, with one-quarter making less than $4,104 and three-quarters making less than $9,864 — close to the median for Cityhome tenants. Applicants are also younger than tenants: over 55 per cent of the people in applicant households are less than 30 years of age, with 40 per cent under 18, and barely 10 per cent are over 60.

The ineligibility of most singles for rent supplementation reduces the proportion of single persons on the waiting list relative to their presence among tenants. But at 41 per cent of the list, singles are by far the largest group, and these are just the ones eligible on grounds of age or incapacity. With the singles count down, the average household size is up — to 2.3 persons. The number of children per family is 1.9 — close to the figure observed in tenant households.

Because the waiting list is composed of potential RGI tenants only, single parent households play a much bigger part than they do among Cityhome tenants. The proportion of single parent, male-led families, at 1.6 per cent of the list, is not much higher than the tenant survey shows. But single mothers and their families, over 31 per cent of the waiting list, have three times the concentration they do among tenants. The affordability problems encountered by the latter group are very evident in these patterns.

The majority of people on the Cityhome waiting list are applying for assisted housing for the first time. But over 20 per cent are living or have lived in O.H.C.-owned apartments or in Metro Housing. Experience suggests that the main reason these people have approached Cityhome is because they are attracted to specific locations. Applicant interviews also reveal that income integration is appealing to ex-O.H.C. residents and age integration attracts some Metro Housing tenants.

Cityhome obviously means different things to different people. For residents of other types of assisted housing it often offers what is perceived to be an improved living environment. For most of those on the waiting list, it is an answer to a serious problem of housing affordability. For many people, on the list and off, it means a good location at a reasonable price. And for those not eligible for assistance or facing at least a two year delay in securing occupancy with Cityhome, it offers yet another frustration in their efforts to find housing within their means.

Managing Cityhome and the Housing Department

The development of a more complete, accurate picture of its applicants and tenants is just one of many recent steps taken to improve the operations of Cityhome and the Housing Department. Significant progress was made, and continues, along a number of fronts.

A departmental reorganization was initiated by Council in 1980 and undertaken by Mr. R. Bremner, Commissioner of Public Works, who was assigned control of the Housing Department until September 1981. Mr. Bremner was succeeded by Mr. G. Cook, formerly of the City Department of Buildings and Inspections. Mr. Cook brought to the Department extensive experience in housing policy and development and a commitment to further enhance departmental efficiency.

One of the major challenges faced by Mr. Bremner was the accumulated Cityhome deficit. Rents obviously had to be increased substantially to regain control. Council elected to provide a loan and use just

over $152,000 of the profit from the sale of three houses to hold rent increases to 20.9 per cent. The remaining $150,000 profit from the house sales, together with a loan of $1.425 million to be reimbursed from anticipated land sales in St. Lawrence, were used to cover the deficit.

Two reorganization reports were prepared, approved and implemented. Major administrative, reorganizational and staff changes have taken place, internal office procedures have been altered (a General Services Section has been formed) and improvements effected in computerized data input and retrieval. This latter activity is ongoing and studies are proceeding to review other needed changes.

The reorganization has touched upon all aspects of Property Management, bringing about structural and procedural changes to increase efficiency and effectiveness.

Rent Collection

A concentrated effort, requiring a staff reallocation within the Property Management Section, was exerted to collect rental arrears outstanding for more than a month or two. Routine procedures, whereby five and twenty day rent reminders are delivered to tenants, have been established. Computerized rental arrears reporting systems were developed to make it easier for managers to monitor and correct arrears problems. It is also intended to train Department staff to carry out many functions presently handled by the Legal Department to speed up collection efforts. The end result of these changes has been a dramatic reduction in current rental arrears.

Vacancy Control

Weekly vacancy reports, noting pending as well as current vacancies, have helped to pinpoint any vacancy problems. Computerization of these vacancy reports is proceeding and more emphasis is being placed upon prompt renting of vacant units. In recent months, vacancies in all but the smallest units and those needing repair have been almost non-existent and all have been short-lived.

Budgeting

For 1981, a completely new project operating budget format was designed to allow for the addition of considerable detail and explanation with respect to all budget categories. A computerized operating statement was refined to allow for reporting and control of each project's expenses and revenues. This statement was designed as a working tool for management and, as such, mirrored the newly formatted budget. Correlation of budgets with actual expenses is becoming an easier task.

Budget Approval Process

A framework for budget approval was set in 1981. Guidelines on timing and required lead time were established to allow for tenant association input. Because 1981 rental adjustments were delayed, there was insufficient time to allow tenant association comments prior to Board approval of operating budgets. Discussions did take place after Board approval had been obtained and numerous adjustments to budgets and rental structures resulted.

For 1982, sufficient time has been allotted for tenant input prior to final approval by the Cityhome Board of Directors. The first rent increases, for Pembroke Mews, were completed smoothly after full and supportive consultation with the tenants.

Maintenance

The maintenance branch, within the Property Management Section, was also reorganized. All contracted service and material purchases, since early 1981, are being processed through the City Department of Purchasing and Supply. This has created tighter cost controls. Preventive maintenance programs were developed for many projects during 1981 which will lower long term maintenance expenses.

Site Offices

Many on-site offices were closed during 1981, centralizing managerial functions. Only the largest projects now have site offices. This measure of eliminating the duplication of head office services has cut costs. A new central Property Management telephone number was set up that allows all tenants, applicants and other interested parties to contact Section staff — a simple but effective step toward providing better service to tenants and all concerned.

Tenant Relations

A major change brought about through departmental reorganization was the movement of the two Tenant Relations Officers into the General Services Section — intended to separate the day-to-day running of projects (properly the focus of the Property Management Section) from the necessity to build and maintain strong and mutually beneficial ties between tenants and the Housing Department. Property Management, especially the managers themselves, will of course continue to play an important and vital role in maintaining amicable relations as part of the team of staff from various sections in contact with tenants.

A review of tenant relations activities will be carried out in 1982 to assess progress in the implementation of policies adopted by City Council in 1978 regarding tenant participation in project management.

With 254 units at Winchester Square, Cityhome is helping to protect the supply of good quality, affordable family housing in an area rapidly becoming very exclusive.

Running the Non-Profit Housing Program — Working with the Province

4

Introduction

This chapter reviews specific problems encountered by assisted housing builders in securing approvals. Some of these concerns are financial in nature but some involve planning and procedural issues. The latter sometimes appear to arise from a reluctance to make any improvements which would facilitate development and therefore generate higher subsidies. As cooperative and private non-profit housing approvals have not fallen under provincial jurisdiction, many of the difficulties described here refer strictly to municipal projects.

Disentanglement

The disentanglement of the non-profit approval process from the federal to the provincial government was to have encompassed private non-profit and cooperative groups as well. At the end of 1980, the federal government announced that it would retain control over these groups. Only municipal non-profit housing is subject to Ministry of Municipal Affairs and Housing review.

Disentanglement of administrative procedures for municipal non-profits has given rise to other problems. The program is largely funded by the federal government and many of the guidelines are federal. The Ministry feels obliged to enforce federal guidelines and to date has adopted a very rigid approach in using CMHC rules and restrictions. This approach is certainly less flexible than that adopted by CMHC itself. Ministry officials have started discussions with CMHC staff to determine the extent of flexibility open to the Ministry. This dialogue should be pursued vigorously. Both parties should re-examine their responsibilities in the light of growing problems in the housing market coupled with the need to more aggressively promote and facilitate the construction of social housing and keep pace with the escalating demand.

Rent-Geared-to-Income Assistance

Two major regulations which govern assistance given to RGI tenants make it hard for Cityhome to do its job of meeting the housing needs of low- and moderate-income households: the rigidly enforced 25 per cent limit on RGI households and the ineligibility of non-senior citizen individuals.

The RGI Quota

The need for specific exceptions to the Province's 25 per cent ceiling for RGI units is discussed elsewhere in this report. In Chapter 5, for instance, concerns are expressed about a potential polarization of tenant incomes, given the higher rents which may be charged in downtown projects and the inability of Cityhome to give more than one-quarter of its tenants direct assistance with rent payments. Rather than adopt a raft of exceptions, a flexible system should be established which recognizes the individual circumstances of each project, including the preferences and composition of its neighbourhood.

To argue, as the Province has, that 25 per cent is the maximum allowance which can be made for low-income households without creating social problems is unsupportable. Cityhome and several cooperatives in Toronto have projects with far more than one-quarter of tenants receiving rent supplements — projects with harmonious relations among tenants and between tenants and neighbours. There is no solid evidence to suggest that one RGI level works any better than another level.

The Ministry of Municipal Affairs and Housing has no experience to tell it that a 25 per cent cap will help get projects built, easing community opposition to any hint of "government" housing. In fact flexibility could be of considerable assistance to this end. Cityhome's experience in past projects led to requests for higher RGI allocations to reflect the tenant composition in certain neighbourhoods more closely. These concessions were possible under the old program, although more or less confined to Toronto. The lack of flexibility works at the other end too: minimum levels of RGI households (the allowable ranges are narrow) may be more than can be achieved when trying to build new social housing in some neighbourhoods and may lead to conflicts over time if a project cannot adapt to the changing character of its surroundings. Projects could work better, non-profit housing agencies could do a better job, and social housing could gain a better public image if this provincial policy were modified.

Assisted Housing For Individuals

RGI criteria generally restrict eligibility for direct assistance with rent payments to the following groups: senior citizens, families (households with dependent children present) and those with a documented disability affecting employment. Singles or larger households without children or seniors cannot obtain rent supplements. As with the RGI quota, Cityhome obtained some concessions under the old non-profit program, but these were limited to three or four projects and were different in each of them. These rules apply to all non-profit managers operating under the old programs, where CMHC and the Province share in Rent Supplement subsidies. Under the revised programs, when private non-profit and cooperative assistance comes solely from CMHC there are

no eligibility strings attached except economic necessity. Only new municipal non-profit projects and co-op projects in receipt of provincial OCHAP assistance are so constrained.

The eligibility criteria do impose management problems. With different rules in various projects, it is difficult to properly maintain the master waiting list, let alone explain to applicants what assistance might be available to them. Households which have been in receipt of subsidies may find that changes in their circumstances revoke their eligibility and require them to leave their homes. For instance, a couple may have qualified for RGI assistance because the husband was a senior citizen. Should the husband die, his widow until recently would have been evicted since, on her own, she did not qualify. The Ministry of Municipal Affairs and Housing has relaxed its rules in this one type of case, allowing some discretion on the part of housing authorities and non-profit housing boards of directors, but the scope of discretion is not clear. Moreover, this slight moderation of policy does not extend assistance to families who lose their eligibility as their children grow and leave school, nor does it do anything at all for those not covered in the first place.

The inability of non-profit groups to channel rent payment assistance to non-senior singles and couples without children is a serious problem. In 1976, there were well over 150,000 people in the City in these categories. Cityhome's experience in turning away such ineligible households suggests that many of these people need help. Compared with larger households, more single people are experiencing severe income problems. In addition, rents for smaller apartments are disproportionately higher than for larger units. Many who face the dilemma of too-high rents versus too-low incomes approach Cityhome and other non-profit and cooperative housing managers in (mostly larger) municipalities in Ontario, only to be informed that nothing can be done for them: they are ineligible for rent supplements and the market units may well be priced beyond their means. A traditional alternative for many singles — rooming house accommodation — is not readily available. Private rooming houses are getting harder to find as alternative uses promise more profit. And the subsidies for non-profit rooming houses are inadequate to permit rents affordable to most of those who use this type of housing.

The Housing Department has long argued, along with Council itself and various other organizations including church groups, municipal associations, cooperatives and so on, that as a first step to correct the presently unjust eligibility criteria the minimum age be reduced to 40 or 45 years. The Department would further propose that a proportion of RGI units (perhaps 5 per cent) be allowed for individuals and couples of less than 40 years of age. This would permit non-profit agencies to house some people who have no potential for significant income growth, regardless of their age, without letting such cases change the character of a project.

The Department also recommends that, in the case of rooming houses, subsidies should be applied to the rents to make all units affordable to traditional rooming house residents, with no restrictions on tenant age or any other household characteristics. This direct approach would be far easier and cheaper to administer than rent supplements applied to individual households. Six Cityhome projects contain a rooming house component intended to fill the needs of the City's transient low income population. It has not been possible, and likely will never be possible with existing financial arrangements, to operate these projects on a break-even basis with the low rent levels that have to be set for these rooms such that the normal "roomer" can afford them. The City of Toronto has, therefore, unilaterally contributed grant money to offset projected operating losses at these projects. This type of grant will have to continue in 1982 if the break-even position is to be maintained. Such a subsidy should not be a municipal responsibility. The federal and provincial governments should assume the funding role which is properly theirs.

Other groups are hurt by present eligibility restrictions and indeed by the lack of any coordinated housing policies and programs. Discharged psychiatric patients, for instance, have a pressing need for stable, affordable accommodation with various levels of support services. Municipalities are expected to provide emergency housing but just do not get the financial assistance they need to avoid having to turn people away. Certainly, an admission that there are serious gaps in current programs, and a concerted effort to close those gaps is in order.

The Housing Department formally suggested an expansion of eligibility rules to the Ministry of Municipal Affairs and Housing in January 1979. The Department was informed that a review of all policies in this area was underway. Almost two years later, in December 1980, the Minister of Municipal Affairs and Housing told the legislature that "as for the other group of singles, regardless of age...those situations are under review." There has still been no action. As noted above, CMHC itself demonstrates a more progressive attitude in new cooperative projects. It is time for the Ontario Government to exercise greater flexibility and help alleviate a very real and pressing need.

The Maximum Unit Price (MUP)

History

The MUP concept was developed to control costs, thereby restricting maximum federal operating subsidies, and to ensure that the housing being provided was not luxurious. CMHC staff add up all the costs associated with typical "modest" housing to arrive at limits for different building forms and unit sizes which comprise the basis for the maximum federal subsidy. Costs can exceed MUPs if other funding sources can be arranged, but the federal subsidy cannot exceed the amount established by the MUP.

The MUP levels in Toronto went through a number of changes in 1980 and 1981. In January, a table of "Maximum Unit Prices — St. Lawrence" was released with some reasonable figures for that project. For a time, semi-circular zones were considered with perimeters 8 km and 15 km from City Hall. In April 1980, an inner core market was defined between Dufferin and the Don Valley, south of St. Clair, with price limits 6 to 15 per cent higher than the adjacent outlying zone. Also in April, a new "general memorandum" was issued to CMHC staff, containing instructions on the estimation of MUPs and the instruction that any consideration of inner city costs was to be eliminated. Approval authority over MUP schedules was delegated to Regional General Managers.

Following the circulation of the general memorandum, a new set of MUPs was issued in June 1980. These were only slightly above the former inner city maxima, and in a couple of cases actually lower. Contrary to general instructions that MUPs "be reviewed formally twice yearly before 1 March and 1 September with interim adjustments if market indicators change," the MUPs were not revised again in 1980. Cost increases should have dictated at least one jump in the MUPs in the intervening period.

In March 1981, MUPs were raised nine to ten per cent. An unscheduled increase of 11 to 17 per cent followed in June. This was the last increase to time of writing in December. While not all the adjustments have been satisfactory in their scope, CMHC is to be congratulated for the greater frequency of recent amendments to the MUP schedule.

Assisted housing developers had a very difficult time in 1980 and 1981 bringing projects in under the MUP in most of Metro. Since CMHC does not reveal its development cost estimates for Toronto, it is difficult to say exactly why the MUPs so often were less than projected and actual project costs. Although CMHC staff are advised that "special care should be taken to estimate the probable interest costs during the period of construction", it may well be that overly optimistic ideas of approval schedules lead to understated MUPs. But this is certainly not the sole source of inadequacy with the MUPs.

Maximum Unit Prices are a problem throughout the City for all social housing developers. It appears, however, that a number of groups are meeting with relatively greater success in other parts of Metro. The main problem, then, seems to still come down to the lack of any serious adjustments for project location. Surely regulations which already permit increases to offset the higher building costs associated with remote sites can be amended to recognize the higher land costs of centrally located sites.

Provincial Administration

The Ministry of Municipal Affairs and Housing's application of the CMHC Maximum Unit Price imposes some problems of its own. Regulations require maximum prices to be limited to the lesser of an appraised value or the MUPs and provincial appraisers somehow seem to arrive at project values which are generally below applicable MUPs. Thus the Province effectively lowers the ceiling established by the federal government through MUPs. The consequence of this is that Cityhome is faced by a dual control system, making implementation that much more difficult.

Through discussions with provincial appraisal staff, the Housing Department has learned that the Ministry of Municipal Affairs and Housing uses an income-based appraisal technique, although recent comments by the Assistant Deputy Minister claim that they use a replacement cost approach. Neither method, used alone, is appropriate. Conventional appraisal practice combines income, cost and market value techniques and gives heavy weighting to what price a property would command on the open market when comparable sales data are available. Time consuming professional disagreements are bound to arise. All parties should be aware of the need for expeditious action to resolve such disagreements. As CMHC has indicated some willingness to review the MUPs where it appears a project is seriously endangered, it may be that CMHC should become involved in the resolution of these differences.

The appraisal techniques used by the Ministry has undervalued some existing rental properties, lowering the eligible mortgage amount. This makes it difficult for Cityhome to reasonably compensate property owners for projects which could potentially be very good deals for the City, such as acquisitions which might be arranged as part of density bonus agreements.

Similarly, Ministry appraisals did not establish a realistic value for the air-rights above the garage at 55 The Esplanade. The pattern of central area development seems to indicate that, more and more, air-rights are being used and, importantly, are being assigned values comparable to land. Cityhome has now developed two major projects on air-rights and is likely to follow with several others.

In cases of land leased at a nominal value, current CMHC rules allow the value of the land to be considered as equity. If the land is acquired freehold, even at a nominal value (say $1), its real value must be added when comparing total project costs to the eligible maximum unit price. There is no good reason for this distinction between leasehold and freehold land. If freehold land acquired at a nominal value, and later appraised at market value, were to cause the total project value to exceed the permissible MUP, then the excess ought to be treated as municipal equity and should have no effect on project approval.

The Housing Department questions the need for appraisals at all. In August 1981, Council recommended that cost and subsidy restrictions not be related to appraisal values rather than the MUP. Reactions from the Minister and CMHC staff do not evidence any concrete use of appraisals other than to ensure the costs of individual projects are not inflated. Part of the problem here is that MUPs cover a range of projects; more refined MUPs would dis-

courage any tendency to build overly expensive projects. In the experience of Cityhome, however, the design approval process itself ensures that "no-frills" housing is delivered. Appraisals in practice simply add another unnecessary layer of time consuming and costly restrictions.

Other problems in administration of the MUP system relate to the decisions on building form. Each type of building (eg. elevatored apartment, walk-up apartment) has its own MUP and staff must allocate units accordingly in preparing feasibility studies. There can be a fine line between some types, such as stacked townhouses and walk-up apartments which are governed respectively by the highest and the lowest MUPs. Disagreements can arise as to type and there is a need for clear guidelines on building form, removing any possibility of conflicting interpretations.

Although CMHC's general guidelines for MUPs do not specifically cover the matter, in practice each mortgage approval deals with only one building form and there is great reluctance to allow the mixing of forms in setting applicable MUPs. Cityhome's efforts to maximize the proportion of units suitable for families often lead to townhouse/apartment combinations on the same site and even within the same building. The townhouse units provide private access to grade and commonly provide a private yard. These units cost more to build and arbitrary assignment of "apartment" MUPs can eliminate their viability. CMHC refuses to recognize the extra costs associated with such innovative designs and consequently fails to consider the effects upon the delivery of family housing. Greater flexibility in the decision on applicable MUPs is needed if Cityhome and other agencies are to respond efficiently to the demands of all different types of households.

CMHC guidelines call for provincial involvement in the establishment of MUPs. To date, there is no evidence that any serious intergovernmental consultation has occurred. It is to be hoped that when such consultation takes place, the municipalities will also be involved in the establishment of MUPs and in their periodic revisions.

Implications

Established in part to inject greater certainty into CMHC's subsidy estimates, the MUP has introduced some uncertainties into the non-profit development process. A project which appears in planning to be excessively priced could be rejected, although a later MUP increase may have rendered it viable. Alternatively, projects which are evaluated on the assumption that costs and MUPs will increase together may well exceed permissible limits at the time tenders are received. Abandonment of a project at this stage could impose considerable and unrecoverable costs upon a municipality. The unpredictability of MUPs is thus cause for concern.

Because MUPs are ostensibly geared to the average costs of modest housing, they leave little room for innovation or for capital investments which would restrain operating costs. This is an approach that precludes the incorporation of such things as energy conservation features. Social housing could demonstrate the savings of technological advances and hold down operating subsidies in the process. (With regard to energy conservation, it is worth noting that Cityhome is not eligible for assistance under the Canada Oil Substitution Program. This should be taken up with the federal minister responsible.)

Insufficiently refined MUPs (there are presently only three building forms categorized) push project designs to higher densities which allow more to be paid for land within the MUP limit.

Cityhome often must work with sites which have relatively high density zoning, little space for outdoor parking or recreational uses, and incompatible uses on all or part of the periphery. Such sites may be the only ones available at affordable prices, but site conditions dictate extra costs to produce satisfactory designs — costs which increase for larger units. Again, these costs are not accounted for in the current MUP schedules and CMHC seems to be unaware of the bias introduced into project design.

Architects are forced to juggle design and unit mix options to optimize the number of family units that can be built within the Maximum Unit Price. This number could well be lower than an objectively set level. In the Asquith project, for instance, literally dozens of proforma analyses were conducted over the space of a year to settle on a mix that would work within applicable MUPs. The number of bachelor units gradually rose from 17 to a high of 60, representing a most unappealing concentration from a marketing perspective.

Alternatives

Maximum Unit Prices effectively cap federal subsidies for any project. But there is only so much that MUPs can accomplish in this direction. From a broader perspective, their potential to control subsidies is quite limited. They can be adjusted, but only within fairly narrow bounds if they are to permit reasonably priced social housing. The relative impact of restricting capital costs is slight compared with that of rising mortgage interest rates. For instance, a 50 per cent increase in interest rates from the 12 per cent of the not-so-distant past to a more contemporary 18 per cent would require the federal government to spend 89 per cent more on subsidies. But if MUPs were increased 50 per cent and capital costs followed suit, subsidies would also increase by 50 per cent. Given the impact of interest rates upon federal subsidy requirements, the federal government might do well to again assume a direct lending role for CMHC; the savings gained from not subsidizing private mortgages may outweigh the disadvantages of having to provide capital funds.

CMHC must be concerned about the primacy of its subsidy contributions in the non-profit program. In Ontario, the maximum federal subsidy must be fully expended before a provincial contribution is made. In

practical terms, this means that the provincial subsidy is non-existent or insignificant compared with the federal subsidy. Even so, Ontario is very conscientious compared with most provinces, which have been unwilling to make any complementary subsidies available. Insistence upon provincial financial involvement could well destroy the whole program.

Regardless of whatever steps may be taken to improve the financial structure of the non-profit program, CMHC has an understandable need for controls built into the program to ensure that unnecessary subsidies are not generated by housing that costs too much. The Maximum Unit Price system has been unsatisfactory for reasons already stated. A full investigation of other ways to control costs would be worthwhile. The Housing Department cannot present concrete recommendations on any alternatives at this time, but the Department is willing to offer any data it can and to help assess various approaches to price and subsidy controls. In the absence of an effective replacement for MUPs, developers of assisted housing must look to improvements in existing procedures for relief.

Site Planning

As mentioned, there are indications that Ministry of Municipal Affairs and Housing officials have been exploring the limits of their discretion in applying CMHC site planning guidelines to municipal non-profit housing. There are some recent signs of increased flexibility in dealing with plans submitted to the Ministry for approval. Problems with the guidelines and their intepretation are mostly unique to the City of Toronto. Unusual site conditions and relatively high densities make it difficult or impossible to meet all requirements. On the other hand, nearby facilities in many of Toronto's well-served neighbourhoods make it unnecessary to duplicate those services on-site. Cityhome's desire to conform visually as much as possible with neighbourhood surroundings can also be confounded by overly stringent guidelines.

Architects spend considerable time trying to meet site planning requirements. This adds to project costs. The end result could well be fewer family units and higher costs than if the guidelines did not have to be observed. In extreme cases, if satisfactory compromises cannot be reached with provincial staff, projects could be scrapped. It would appear that the guidelines as they stand and as they have been administered in the past do more harm than good.

Acquisition of Existing Buildings

At this time it seems that further additions to the Cityhome portfolio will have to increasingly rely upon the acquisition of existing buildings. If this is to be the direction in coming years then several issues, related to process and policy, must be resolved.

The concerns expressed in *Vanishing Options* — that rehabilitation requirements are geared to the lengthier processes of new construction and are not amenable to the faster moving acquisition scene — have been confirmed. Ottawa has found that the review and approval schedules are too long for today's competitive market, in which good acquisition opportunities often do not last very long.

Cityhome's experience with provincial processing of acquisitions has been limited. Projects reviewed to date have involved minimal renovation and little financial risk. They have consequently been relatively easy to process. The most serious problems encountered centre on provincial appraisal practices. As noted earlier, these yield estimates less than demanded by vendors of some properties. Reliance upon a replacement cost approach, rather than the income stream method, would be a positive step.

Pressures in the market for demolition, conversion, and for relaxation of rent controls are such that existing rental buildings are gradually escalating in value relative to the revenues they presently generate. Now is a good time for Cityhome to be acquiring properties since this price escalation has not yet run its course. Thus there are buildings which are undervalued in terms of their long term appreciation potential. There are good buys on the market which Cityhome may very well be unable to afford in the future and which will therefore be lost to low and moderate income tenants.

The problems posed by unrealistic appraisals are compounded by insistence that the MUP ceiling for acquisition projects be restricted to 85 per cent of the standard schedule. Then a 15 per cent contingency is required. While there is cause for concern in the unpredictability of many rehabilitation efforts, this double constraint, before appraisals even enter the picture, appears excessive. MUPs should not be affected at all: a maximum unit price should be just that. Contingencies should be refined to cover different types of rehabilitation and set on a project-by-project basis. For instance, a take-over of a project from its present owner after renovations are complete, as is planned for 21-23 Pembroke, involves little risk and suggests a very small contingency.

Assuming that the approval process can be streamlined, there are still policy problems that should be tackled. It is unclear how provincial staff will respond to estimates of low end of market rents for existing buildings. Any push for substantially higher rents (to reduce provincial subsidies) will result in tenant displacement. And provincial insistence on a 25 per cent rent-geared-to income (RGI) ceiling will not be of any assistance in protecting in situ tenants who could benefit from assisted housing.

In the case of smaller projects the 25 per cent RGI limit just does not make sense. Two proposed Cityhome projects which were discussed with the Ministry have 12 or fewer units and are close to other Cityhome developments. They are already an integral part of their immediate surroundings, so that social integration objectives are not seriously promoted by requiring integration within the buildings themselves. In fact non-profit refinancing will generate subsidies which, if rents do not change much, will be directed to existing tenants who may not require them. The

only immediate gain from all the subsidies is two or three RGI units, unless there is a policy change which will increase the 25 per cent limit.

No matter how much streamlining of provincial approvals is brought about, it is likely that Cityhome will sometimes not be able to move fast enough to take advantage of a good buy. City Council may wish to consider funding initial acquisitions directly, providing that a good working relationship can be set up on such deals with the Ministry of Municipal Affairs and Housing. This will let staff negotiate better purchases and may help Council protect certain buildings about which it becomes concerned.

The Environmental Assessment Act

The only housing in Ontario required to undergo environmental assessment is municipal non-profit housing, solely because it is sponsored by a municipality. Private housing and all other assisted housing is exempt, including that sponsored by the Ontario Government itself. No change is contemplated in this very unfair state of affairs. This appears to be an unintended mistake that should be revoked. No reason has ever been given why municipally sponsored housing has been singled out in this discriminatory fashion.

As the Association of Municipalities of Ontario has pointed out to the Honourable Keith Norton, Minister of the Environment, "the environmental assessment requirements clearly represent a formidable impediment to municipal housing development and land acquisition. Requiring only municipal non-profit housing projects to undergo environmental assessment definitely places the municipality at a competitive disadvantage when buying and developing sites."

With the granting of a temporary exemption from the provisions of the Environmental Assessment Act, the Housing Department is moving ahead on the preparation of a "program assessment" which will clear the path for all Cityhome projects falling within routine approval processes. Pollution, soil conditions, traffic, noise, methane, municipal services, aesthetics, social services — all the things which would fall within the grab-bag of environmental assessment are considered routinely.

The program assessment, if approved, may allow Cityhome to proceed with reasonable confidence. But there are no guarantees. Reports on individual projects may still have to be prepared and publicized and projects may still be impeded by those wishing to pursue all avenues of opposition to a particular assisted housing project. And, of course, the program assessment will be of benefit only to Cityhome. Other municipalities will have to secure similar concessions on their own. Program assessment will cost the City thousands of dollars for staff time and outside consultants to produce and process the documentation required.

Any costs accruing to the municipality as a result of applying the Environmental Assessment Act to municipal non-profit housing should be borne by the Ministry of the Environment. Project budgets should not incur the additional expense of complying with the Act and it is unreasonable to expect municipalities to subsidize these costs.

Recommendations

That City Council request:

- The Minister of Municipal Affairs and Housing to relax the strict 25 per cent limit for rent-geared-to-income tenants in non-profit family housing and permit the maximum to be set on an individual basis for each project. The maximum would take into consideration neighbourhood characteristics, project size, and project rents in relation to the incomes of existing or intended tenants.
- The Minister of Municipal Affairs and Housing to agree to the lowering of the minimum age restriction for rent-geared-to-income assistance to 40 years. That further provision be made for up to 5 per cent of a project's RGI allocation to be made available to individuals of less than 40 years of age.
- The Minister of Municipal Affairs and Housing and the Minister Responsible for the Canada Mortgage and Housing Corporation to recognize that there are gaps in existing housing programs which deny assistance to groups in very real need (such as discharged psychiatric patients, those requiring emergency shelter, and those not eligible for rent-geared-to-income assistance), and to work together in consultation with municipalities to design appropriately funded programs to respond to such needs.
- The Minister Responsible for the Canada Mortgage and Housing Corporation and the Ontario Minister of Municipal Affairs and Housing to establish a subsidy program for rooming houses whereby rents on all rooms would be reduced to affordable levels, with no further need for direct rent supplementation.
- CMHC to conduct a review of the Maximum Unit Price (MUP) system, comparing the MUP to alternate methods of controlling federal subsidies under the Non-Profit Housing Program.
- CMHC, pending review of alternate methods of subsidy control, to undertake improvements to the existing system, including the following:
  a) MUPs be refined to reflect locational variations in costs more closely, including factors which affect decisions on unit mix;
  b) estimates of land costs used to compare project costs with applicable MUPs be based on full freehold market value, whether land is leased or purchased outright. Any excess of project costs over MUPs attributable to the difference between market value and actual costs of land should be considered equity and have no effect upon project approval;
  c) MUPs be refined to cover more types and combinations of building forms than the

grade-related, elevatored apartments and walk-up apartments now covered;

d) MUPs be flexible enough to allow extra expenditures for energy conservation in project design and construction in order that long term operating costs, and subsidies, can be lessened; and

e) the lesser of actual costs or MUPs be used as the determinant of subsidy limits, eliminating restrictions based on appraisals.

- The Minister of Energy, Mines and Resources to extend the eligibility of the Canada Oil Substitution Program to municipal non-profit housing corporations.
- The Minister of Municipal Affairs and Housing to recognize that, in order to meet reasonable assisted housing targets in inner city areas, it will be necessary to mount an effective campaign of non-profit acquisition and rehabilitation requiring provincial action in a number of areas, including the following:

  a) elimination of any MUPs applicable to existing buildings which are less than normal MUPs;

  b) flexibility in setting contingencies for rehabilitation projects depending upon the degree of risk involved;

  c) streamlining of the approval process to allow municipalities to quickly take advantage of acquisition opportunities;

  d) investigation of expanding the funding and eligibility of the Ontario Home Renewal Program to cover non-profit projects; and

  e) an official policy change that results in existing buildings being appraised on a replacement cost basis, rather than on income stream.

- The Minister of the Environment to apply the Environmental Assessment Act consistently to all residential or mixed-use development, either by totally exempting municipal non-profit housing or by expanding the Act to immediately encompasss all other residential developers.
- The Minister of the Environment, pending consistent application of the Act, to reimburse the City for all expenses incurred in complying with the Act.
- The Minister of Municipal Affairs and Housing, until such time as the Minister of the Environment agrees to the above recommendations, to negotiate with CMHC to allow any expenses incurred in complying with the Environmental Assessment Act to be excluded in relating project costs to the Maximum Unit Price.

The three new units behind an old house renovated earlier by Cityhome have turned 188 Sherbourne Street into another successful infill development.

5

The Future of Non-Profit Housing in Toronto

Introduction

The rental housing market in Toronto now is in dire straits and no relief is in sight. Continuing low vacancy rates, steadily climbing rent levels, combined with marginal increments to the rental stock, save for condominium units being rented out (perhaps temporarily) at the top of the market, have made for a crisis in affordable rental housing in the City. It is quite evident that all three levels of government will have to make a concerted effort over the next few years if the crisis is to be overcome.

Toronto's rental crisis has been magnified through a significant loss of rental units and a serious threat to many others. Council has learned through investigative efforts of the Commissioner of Planning and Development that about 5000 rental units in City properties were eliminated between 1976 and 1979 through tenure conversion and increased consumption of space, including many cheaper flats taken over by owners. Developers and property owners are trying by various routes to convert their rental buildings to condominiums, most of which have been resisted by Council. But Council's relaxation of conversions of newer buildings could theoretically cost the City over 6000 rental units. If the City fails to exercise demolition controls hundreds more units could fall to the wrecker's hammer.

Cityhome is the dominant force in rental construction in Toronto. But even its production, together with that from the co-ops and private non-profit producers, has failed to meet City Council's assisted housing targets. And the targets by no means represent the enormous need for affordable housing. By way of contrast, the private sector has consistently exceeded its targets, but generally in high-priced units. With the accelerating loss of affordable rental housing through conversion to condominiums and private homes, the success of Council's housing policies hinges directly on the ability of Cityhome to perform the task which confronts it. But Cityhome can only perform well if it has a strong mandate, backed by adequate policies, if the Ministry of Municipal Affairs and Housing makes a significant commitment to the program, and if the Canada Mortgage and Housing Corporation reinforces its role in the non-profit program. The purpose of this chapter is to examine ways in which the role of the municipal non-profit housing program, and Cityhome, can be strengthened to carry out the job which it faces.

Confronting Land Costs in Toronto

In Toronto, the cost of land is a serious threat to the effectiveness of the non-profit program. Much land throughout the City is simply too expensive to allow Cityhome to build within the Maximum Unit Prices. Without the prospects raised by the Central Area Plan and its density bonuses for the inclusion of assisted housing, Cityhome could not afford to build in the Core at all. On some sites in the Core and elsewhere in the City, only turnkey opportunities make assisted housing possible. With typical land values and densities in the City, Cityhome cannot effectively compete for sites against more lucrative uses of land unless either MUPs or densities are raised to let Cityhome bid for land on a more competitive basis.

Raising densities could aggravate community relations and on some sites lead to the production of more non-family housing than desirable. However, it is an option that should be explored. Increasing the MUPs to compensate for high land costs would be a useful step, but not entirely adequate, even if accompanied by greater locational variation in the price limits. It is unlikely that realignment of MUP boundaries will ever be fully satisfactory; the pattern of land prices is just too complex and too subject to change to permit detailed adjustment.

As if high purchase costs for land were not a sufficient impediment to non-profit housing development, exorbitant interest rates have driven up holding costs so that Cityhome often cannot afford reasonably priced land. The cheapest land generally requires rezoning and high finance charges encourage considerable pessimism in estimating holding periods. Cityhome has held down costs without extensive subsidies in the past by banking land and holding individual sites for fairly long periods. This is no longer practical given what Cityhome must pay now for land awaiting construction, although there are fortunately some concessions made on the use of the limited City funds available for this purpose.

What is now needed is a simple, subsidized land assembly program. In today's market no unsubsidized program is really going to help non-profit agencies improve their access to land on the open market. It doesn't matter whether the lending agency is public or private, nor how the loan is guaranteed. The crucial factor to the success of any land program - and one missing from any CMHC proposals to date — is the availability of direct assistance to cope with the high costs of land.

Having made the foregoing observations, it should be noted that reactivation of the old federal land assembly program, used so effectively in St. Lawrence, Frankel/Lambert and many other Cityhome sites, would not solve today's problem without explicit subsidies.

A proposal by the Mayor of Vancouver has merit. Under this proposal, federal and provincial governments would acquire sites for social housing and transfer them to developer agencies at a written down price consistent with viable development under the MUPs. Implementation of such a scheme would require extensive and frequent consultation among sponsoring governments and relevant developers to ensure that land so acquired would be developed within a reasonable time-frame and would meet the physical requirements of prospective residents. Mayor Harcourt's suggestion deserves full investigation and support as a potential vehicle for making inner city assisted housing possible.

The cost of subsidizing social housing in the downtown must be seen in the proper context. As the federal housing minister, Paul Cosgrove, has indicated to Toronto's Mayor Eggleton, "there are potential advantages to inner city sites for social housing, even though the land is more expensive. Apart from the advantages of downtown living to residents, municipalities and provinces would benefit from the use of existing infrastructure for schooling, transportation, and other services, infrastructure which it might well be necessary to provide new in alternative locations."

It is too shallow a viewpoint which dismisses the possibility of assisted housing downtown because of the high land costs involved. From a wider perspective, inner city housing could well represent a most efficient expenditure of public funds. Mr. Cosgrove has had impressed upon him by Mayor Eggleton the fact that subsidies are needed to assemble land, but the Minister claims to "have no present means or budget for such special subsidies." Considering the Minister's recognition of ultimate savings, this response is puzzling.

The federal and provincial roles should be one of direct involvement in the provision of land, as proposed by Mayor Harcourt, or one of providing subsidized financing for municipal land assembly - an approach Toronto has shown to be very productive. The federal government could also facilitate inner city social housing by re-establishing benefits like those of the terminated Community Services Contribution Program and by tying some of those grants to non-profit housing. In that way, land could be assembled with the assurance that necessary services could be paid for and certain amenities could be provided for residents without adversely affecting individual project budgets.

Considering the low level of subsidies contributed by the Province for new social housing, there is certainly ample room for a substantial commitment to provincially financed land purchases. The Province recently announced the availability of "start-up" subsidies for municipalities new to the non-profit business. While helpful, these subsidies do nothing to cover the risk incurred by all municipalities which must pay extensive up-front costs prior to formal project approval. Thus, even sites that are economically priced may be avoided because of municipal cash flow demands. The Province could offer assistance to bring the price of land down to prescribed limits and to ease cash flow and associated risks.

City Council can also play a part in promoting downtown development of non-profit housing. It is in Council's expressed interest to maintain a balanced social and tenure mix in Toronto. Council has adopted targets which call for specific production levels from the various actors in housing construction. With Cityhome, Council has a tangible benefit in the real estate holdings the Corporation brings under municipal control. While most other Ontario municipalities do not face the severe cost pressures and other development obstacles which Cityhome encounters, few other municipalities stand to gain as much financially and socially from a successful municipal housing program.

An example of municipal financial assistance for municipally sponsored social housing can be seen at the Metro level. The Metro Housing Division budget now incorporates some risk financing, allowing write-off of deficits attributable to work on sites which fail to proceed. This is the sort of security from which Cityhome could benefit. Another, more expensive approach would involve direct City subsidies for land purchases and holding costs. Calgary, for instance, obtains funds at favourable rates from the Government of Alberta and then lends to development groups at 9 per cent. Any consideration of similar subsidies should bear in mind the advice that the best way to avoid heavy and prolonged operating subsidies is to make sure projects work financially in the first place. Of paramount concern is the prospect that assisted housing just will not be built in Toronto without subsidies for land.

Finding Sites for Cityhome

Even with reasonable price limits and faster provincial approval procedures, Cityhome would still find it difficult to undertake a very substantial land and property acquisition program in Toronto. Much of the land suitable for housing in the City is zoned low density, residential under the Official Plan. This allows one times coverage, but the Zoning By-law commonly permits only 0.6 times coverage, with the higher density set in a few areas, such as along major traffic arteries.

Land along retail strips or fronting onto streets with excellent public transit services is more expensive than adjoining land in low density residential use, but usually has density limits which are only marginally higher. The more costly land probably offers the only development opportunities which are physically possible. More intensive development on such land (generally designated C1 under the Zoning By-law) would not only make more efficient use of existing services, but sensitive designs could also provide a buffering or sheltering function for the rest of the neighbourhood. The Planning and Development Department is reviewing this problem, considering replacement of the coverage limits contained in the Official Plan and Zoning By-law with units-per-acre ceilings, combined with a bonus for assisted housing.

This could be of great assistance. A report on this matter would be very timely and it is hoped that one will soon be submitted.

A specific problem in the zoning of retail strips is the mixing formula established by the Zoning By-law (in C1-V1 zones). If sites are developed in exclusive commercial use, three times coverage is allowed. If developed in mixed use, one times coverage and two times commercial is the formula. But if a builder elects exclusive residential use, the limit is still one times residential coverage, effectively prohibiting assisted housing development.

Rezonings are the rule for Cityhome buildings and experience has shown that seven months is pretty well the minimum that can be expected. While no one questions the need for controls on development to be exercised through the rezoning process, nor even the need for plans to be examined by the many people to whom they are submitted, the delays which occur are expensive and can easily destroy project viability.

As much as Cityhome and other builders would benefit from increased density limits, a universal increase would be an unwarranted denial of Council's right to protect neighbourhoods through the rezoning controls. A careful review of the permitted densities along retail strips and other highly serviced locations in low density residential zones would be in order.

A fundamental problem in finding sites for Cityhome in a developed city like Toronto is the scarcity of land. Improvements to the price limits and other approval constraints at all levels would let Cityhome compete more effectively. More dollars for land assembly and servicing are crucial. But even with these roadblocks cleared, Cityhome would not be overwhelmed with development opportunities. Vacant land is almost non-existent and redevelopment prospects rely on a heavy dose of good luck to achieve the right combination of price, location, and cooperative vendors.

Council can make a real contribution in the search for land suitable for social housing development, by reaffirming a commitment made in *Living Room*, the report signalling Council's intent to tackle the City's housing problems head-on. From *Living Room*, Council took the position that "no land owned by the City shall be disposed of unless a determination has been made by the Committee on Urban Renewal, Housing, Fire and Legislation (now the Neighbourhoods Committee) that it is not required for housing purposes." It was recognized that disposition of land at the City's cost should produce prices below market value and would therefore constitute an indirect subsidy. This was regarded as an appropriate role for the municipality and, considering the high cost and limited availability of sites today, it is more important than ever that Council follow up on this commitment. Any City-owned sites being considered for sale should be investigated by Housing Department staff, with the Department reporting to the Neighbourhoods Committee on development potential and the Committee making the necessary transfer arrangements when the Department reports favourably.

Building in the Core

In spite of all the problems with MUPs, site planning guidelines, high land costs and deficiency of subsidies, the Housing Department has been forced to seriously consider the implications of developing more housing in the core. In large measure, this is because of negotiations arising from the Official Plan density bonuses. It is incumbent on the Department to do everything possible to make sure that the Plan works, but this should not be done in a state of ignorance; housing downtown will bring about new types of problems which must be anticipated.

Implications

Assuming that Cityhome is able to take an active role in building and buying assisted housing in downtown Toronto, there are a number of physical and social implications to be addressed.

- Density, Mix and Form. The densities required of downtown sites will clearly favour the production of more non-family units than in less central locations. Indeed, the marketing appeal of core projects may demand a non-family orientation. There may have to be adjustments made to the unit mix of projects in other areas to maintain balanced production within the City's housing program. Given the low proportion of Cityhome family housing revealed in Chapter 3, it is not clear that the 50-50 ratio between family and non-family units outside the core, an ideal sought by the Cityhome Board, can be realistically achieved. Higher densities imply higher buildings as well as smaller units. Building designs should of course be compatible with their surroundings. The involvement of Cityhome could lead to more innovation in design than would be undertaken by the private sector alone.
- Site Amenities. In some neighbourhoods, park and education facilities are perfectly adequate, or even under-utilized, and the relatively small amount of private outdoor space which can be provided on downtown sites would not pose a problem. Some sites, sharing equipment with the private component of a project, will be able to offer better recreation facilities than conventional assisted housing. Obviously each site must be individually judged, taking into consideration accessible off-site amenities as well as the profile of anticipated tenants. It will be neither practical nor desirable to apply uniform federal-provincial standards to downtown housing as are used elsewhere.
- Rents and Tenant Composition. Rents are set at the "low end of market" under terms of the revised non-profit program. By definition, this means rents are pegged at the lower end of the range of rents observed in comparable units in the vicinity of the project. Practically, it means rents should be low enough to keep vacancies at a manageable level, but should also be related to the surrounding market so as not to compete unfairly, thereby generating excessive subsidies.

A detailed survey of Core Area rental housing carried out in the summer of 1980 indicates that Cityhome projects built downtown would often have rents higher than those in other parts of the portfolio. (This survey, a comprehensive analysis of 13,000 units in 76 buildings, will be published under separate cover.) Rents may therefore be too high for a portion of the moderate-income population traditionally served by Cityhome.

As Chapter 3 noted, there was no detectable shift in the Cityhome tenant profile through 1980. But with the high rents which will likely be applied to new projects, particularly in central parts of the City, there is a very real potential for polarization of the client group, which may create social problems, and which will certainly defeat a major objective of the non-profit program. There is a strong case to be made for arbitrarily adjusting rents somewhat to reflect the desired tenant composition. Alternatively, or perhaps at the same time, rent supplement provisions should be extended to allow more tenants to be handled on a rent-geared-to-income basis, permitting a more even distribution of incomes within projects.

Working with the Official Plan

Coming to grips with the physical and social implications of undertaking an active program in the Core Area may prepare Cityhome for the complexities of that market, but it will not significantly help the Corporation develop more downtown housing. Broader considerations are working against the goals of Council in this area.

The increasing shift to condominium development in the private sector will not help the Official Plan meet its targets. It is very difficult to physically and legally accommodate assisted housing in conjunction with a condominium project. The present economics of condominiums are such that bonuses would generally not be needed anyway to make very handsome profits. Still, there are possibilities opened up by the Plan which should be pursued. Future circumstances may again persuade developers to cut their unit land costs by approaching Cityhome to secure assisted housing for their projects. Opportunities for assisted housing may also arise from negotiated, site-specific commercial bonuses.

Clarification of certain policies would promote non-profit production and simplify negotiations with private developers. In particular, if negotiations for a bonus on the designated site are unsuccessful, then alternative methods of bonus requirements should be examined.

It will often prove difficult for a developer to build additional units or commercial space on a site and at the same time accommodate one of the assisted housing programs which are currently available. The developer may, however, be in a position to offer a second site where assisted housing could be created. It would be fortunate indeed if this other site were very close to the original subject site, so that planning considerations relating to the physical and social impact of each component could be considered together. More often than not, alternate sites offered for assisted housing will be at some distance. They may involve a transfer of densities or amendments to the zoning by-law to permit a higher unassisted density on one site in exchange for a specified number of units on the second site, with no actual density transfer. All participants in potential land exchanges should know the terms and conditions which can be expected to apply in any given case.

It may happen that a developer will be unable either to accommodate assisted housing on the site for which he seeks a density bonus or to offer an acceptable alternate property. If planning concerns on the subject property can be met when additional private units or commercial space are included in the design, the City could still benefit from granting the bonus if monetary concessions were made by the builder. This should only be a last recourse, employed when all other possibilities are exhausted. And any monies accruing to the City in this process should be used to accomplish what the bonus could not do directly, that is to facilitate assisted housing. For example, they could be used to fund a subsidized City-sponsored land assembly program. Again, policies which might be used to decide when and how cash-in-lieu payments could be made should be spelled out for everyone.

Cityhome itself may be able to make more direct use of density bonuses. Commercial bonuses, for instance, may be used in a Cityhome mixed-use development to provide sufficient revenue to write down residential costs. There will be funding problems in any such project, given the absence of adequate Cityhome capitalization and CMHC limits upon non-residential space (a maximum of 15 per cent of cost and 20 per cent of floor space is all that is permitted). The practicality of this idea, considering zoning constraints and the actual availability of suitable sites, would have to be investigated in full consultation with the Commissioner of Planning and Development. The Housing Department intends to explore this approach more fully and will report on any progress.

Other Shelter Programs

Although federal and provincial spokesmen have recognized the need for an attack on housing problems along many fronts, the money required for alternatives to non-profit housing must come from somewhere. There is a real danger, given the federal government's track record in drastic program changes and the provincial government's reluctant support of the program, that social housing programs might be scrapped in favour of alternatives geared to the private sector. The principal alternatives at this time are shelter allowances and, in this province, the Ontario Rental Construction Loan Program (ORCLP). The recently announced federal loan program for private builders was undefined at time of writing but will likely resem-

ble ORCLP. A brief review of these programs emphasizes the need for varied options in housing assistance.

To date, the Canadian experience with shelter allowances has been limited to four provincial programs geared to senior citizens. Under these programs, monthly payments are mailed to seniors to cover a proportion of the gap between the market rent and what the senior could afford to pay at a "reasonable" fraction of income (generally 30 per cent). Maximum rents are set to control subsidies and there are seldom checks on housing quality. The provincial programs, although able to serve a large number of households, do not permit very deep subsidies.

Any allowance geared to seniors exclusively could adversely affect the long term financial viability of existing public housing units which are reserved for seniors and would certainly be of no use to others who have severe problems finding suitable housing, especially larger families and single-parent households. In fact, the fiscal drain associated with shelter allowances and the political attractiveness of subsidies for the elderly as opposed to subsidies for families would certainly tempt federal and provincial governments to end support for family programs once an allowance for the elderly is established. This has already happened in British Columbia.

A more fundamental issue is whether housing allowances should be used at all and, if so, what sort of emphasis should be put upon them. The Housing Department would argue that it would be folly to introduce shelter allowances into the current market. With supply so tight, the biggest benefactors would be the owners of housing exempt from rent controls. The growing market imbalance would exert more pressure to tighten and extend the controls themselves. The inflationary impact upon shelter costs would affect all those in the rental market, not just the disadvantaged, creating additional subsidy demands.

It is interesting to note as an aside that the provincially administered rent supplement program, a form of shelter allowance tied to units rather than households, has met with disinterest on the part of landlords in a recent effort to increase the number of units leased under the program. In Toronto, where the Province and MTHA have resisted adding to the stock of downtown assisted housing in this manner, it is obvious that property owners will be even less enthusiastic about using the program without any incentives. Vacancies can be filled easily without going through any red tape and taking on any tenant problems associated, rightly or wrongly, with low income households. Clearly, the City should not rely on the private rent supplement program to achieve its social housing objectives, as susceptible as the program is to the vagaries of the market and the attitudes of the provincial government toward downtown housing.

Even in a loose market, housing allowances do not constitute the complete answer to housing problems, including that of basic affordability. Carefully balanced regional differentials in allowances would be needed to avoid encouraging people moving to maximize benefits. A study of an experimental American allowance scheme concluded that shelter assistance payments failed to achieve a number of objectives, including the deconcentration of low income households, or significant improvement in housing consumption. Recommendations based on the American experience are equally applicable here: national housing goals should be promoted through a mix of programs, including direct action to combat the non-responsiveness of housing markets.

With ORCLP, the Ontario Government is taking direct action to help private developers work in today's market. The program is well designed — simple and easily administered — and is generously funded. But the original funding — $42 million, or $4,200 per unit — proved inadequate. In the space of a few months, the total budget commitment was raised to $90 million, subsidizing 15,000 units, and both the loan amount and repayment schedule were sweetened. In contrast, the Province has allocated $181,000 for new municipal non-profit housing in 1981.

The ORCLP subsidies have some sensible strings attached. A portion of units must be offered to the Province for rent supplement purposes (although there is no guarantee that units will in fact be so committed), and CMHC's MUPs must be observed. There are no occupancy restrictions or rent controls established however.

Because ORCLP terms by themselves really do not make much of a difference with current high land and construction costs, the program will generally be used in conjunction with federal tax allowances (MURB provisions to terminate December 31, 1981). Repayment provisions for the ORCLP loan are so lenient that the loan is virtually the same as a grant - representing about $5,650 turned over to the builder for each unit. The combined ORCLP/MURB subsidy depends upon the tax bracket of the investor. For instance, a two-bedroom apartment built to the MUP would (under some reasonable assumptions about projected costs and revenues) require the subsidy equivalent of a one-time grant of over $29,000 for an investor in the 62 per cent bracket, but only $19,000 for one at the 40 per cent level. By way of comparison, the subsidy for a non-profit developer under the same assumptions would be just over $31,000 (but the non-profit developer would require no rent subsidy at all after 19 years).

Although the private subsidies are heavy, they aren't enough to offset operating deficits which could stretch out over a decade unless rents rise very quickly. In the Toronto area, ORCLP will have only a marginal impact, making feasible some projects which otherwise would not be built. By November 1981 (the program was formally set to expire at year end), only 550 units sponsored by ORCLP were under construction in all of Metro. Considering the fact that one-half of the units to be facilitated by ORCLP were targeted for Metro Toronto, the failure of the program in the City is disheartening. It should be plainly evident to all levels of government by now that the pri-

vate construction sector is, to all intents and purposes, dead in the big cities. And it is highly unlikely that it can be revived at reasonable cost. Therefore, governments should be working to stimulate the non-profit sector as the only real hope in new construction for most tenants.

A process of consultation may help to establish a sounder basis of program priorities than has existed to date. Still shovelling money into the AHOP program for owners and the ARP and MURB programs for private builders, the federal government has sustained considerable losses in both programs. As builders have defaulted, CMHC has extended assistance terms, making expensive programs even more expensive. Non-profit and cooperative housing cost the federal government much less for secure investments with clear social benefits. More thoughtful planning will avoid wasting tax dollars.

Seen in their proper context, shelter allowances and programs such as ORCLP should be just a couple of the tools in governmental response to the problems people have finding and paying for a place to live. Likewise, non-profit and cooperative housing are tools. All these programs have unique objectives, benefits and disadvantages. The point is that a range of programs, directed to the private and public sectors and oriented to both supply and demand, is necessary to accommodate demands expressed in the many diverse markets across the country.

Recommendations

That:

- Council request that the Minister Responsible for CMHC establish a subsidized land assembly program for municipal non-profit housing and associated developments.
- Council request the Minister of Municipal Affairs and Housing to investigate a provincially subsidized land assembly program, as in the above recommendation, to be used either independently or to complement any federal program that may be established.
- Council request the Minister of Municipal Affairs and Housing to expand the terms of the "start-up" assistance now offered some municipalities to provide at least partial compensation for the risks associated with preliminary site work.
- Council reaffirm and clarify its commitment to not otherwise dispose of any City-owned land which is suitable for residential development, by establishing procedures whereby the Commissioner of Housing would report to the Neighbourhoods Committee on all such sites, and the Committee would initiate transfer arrangements for all those which, provided at a cost which can be reasonably borne by the Non-Profit Program, would be desirable Cityhome sites.
- The Commissioner of Planning and Development be requested to report on proposed policies to govern exchanges of property, whereby density bonuses could be used to increase the number of private residential units or commercial floor space on one site in exchange for a satisfactory offer of land or property for assisted housing at an alternate site.
- The Commissioner of Planning and Development be requested to report on proposed policies setting out terms and conditions whereby a cash-in-lieu payment may be arranged for residential or commercial density bonuses, in the event that other mechanisms for providing the required assisted housing prove impractical.

Conclusions

This chapter started with a conclusion drawn from the rest of the report: Toronto is in the midst of a crisis in affordable rental housing. The report has discussed the problems facing housing consumers and producers, focussing on the frustrations encountered by social housing developers, particularly Cityhome, in trying to respond to very specific and pressing needs.

While certain remedial measures have been proposed in this report, the fundamental problem is one of attitude and of facing up to the realities of rental housing markets in Canada. In the first instance, it is difficult to get responsible legislators to concede that there is indeed a crisis. And should that concession be made, a concerted and effective response is by no means automatic. If assisted housing is to be produced in adequate quantities in major cities, then all levels of government will have to examine their respective roles. They must make a full and coordinated commitment to deal with the constraints holding back Cityhome and other agencies from doing the very important job that they were established to do.

Canada Mortgage and Housing Corporation should explore a more active role for itself to ensure that the programs which are ultimately under its control do in fact succeed. As the lead agency in creating new housing programs, CMHC should avoid past errors and design new policies in full and direct consultation with municipalities to maintain sufficient flexibility so that programs can respond to very different conditions across the country.

The federal government should also be more realistic in its funding commitments for social housing. In both 1980 and 1981 the initial commitments to non-profit and cooperative housing were increased during the course of the year when it became obvious (as it should have been at the beginning of the year) that sponsoring groups had the capacity to start more work than the budget permitted and that the need for as much social housing as possible was paramount. What has not been advertised is that the increased commitments are supposed to be borrowed from future budgets, which will consequently have to be reduced. Since even CMHC's very rough estimate of needs in Metro is (at over 60,000 units) many times the annual allocation, and since needs as measured by CMHC have decreased insignificantly over the past ten years, this short-sighted and politically expedient approach to setting allocations not only hinders effective planning but represents a real disservice to those who count on non-profit and cooperative developers to meet their housing requirements.

The Ministry of Municipal Affairs and Housing now plays a very significant role in the municipal non-profit program through its control over the approval process. There are strong signals that the Ministry is less interested in pursuing this as a social program than one which is directly aimed at the middle of the rental market. To date the Ministry has contributed a negligible amount of financial assistance to the program. Its control exists in its insistence that no more than 25 per cent of tenants be eligible for rent-geared-to-income assistance and that a major part of the population be excluded completely from this eligibility; second, through appraisals which value projects at less than the MUPs; and third, by encouraging an interpretation of "low end of market" rents closer to the market average. Ministry policies, therefore, seem to be aimed more at minimizing provincial subsidies than at recognizing and dealing with a critical shortage of affordable rental housing for that part of the population which earns less than the average wage. As a consequence, there is starting to appear in Cityhome's tenant profile a polarizing trend between the poor (supplemented tenants) and an increasingly affluent group who can afford "market" rents. Accordingly, the moderate income tenant, whom the program is supposed to serve, is being squeezed out. It is time that the Ministry faced its role squarely. If it is not willing to accept its responsibilities, then perhaps CMHC should carefully consider "re-entangling" this critical part of third sector housing production.

Finally, City Council should recognize the advantages of assisted housing and consider that the achievement of maximum benefits may require greater City aid in finding and paying for suitable properties. Cityhome and the private non-profit and cooperative housing groups in the City — most of which are aided by the City one way or another — *are* assisted housing in the City of Toronto, at least in terms of new construction. These groups cannot cope with conditions in the Toronto market without municipal cooperation. And judging by the response to a citizens' attitude survey commissioned by Council and released in October 1981, Council can count on the support of the residents of the City. An astounding 78 per cent of survey respondents thought that the City should "continue to spend tax dollars on building and maintaining housing for low and moderate income people." The need for City involvement is there and it is well accepted by the citizens of Toronto.

Backed by the powers and resources of the City, and offering Council direct control over an appreciating asset and the uses made of that asset, Cityhome can go a long way toward fulfilling many of Council's housing objectives. With front end assistance to enhance project feasibility, Cityhome can take full advantage of the flexibility of the new non-profit program. Cityhome, for its part, must establish and maintain financial accountability to ensure that the deficits of the past do not recur. If Council is supportive, and the commitment from the other levels of government is forthcoming, Cityhome will be the key to the successful achievement of the City's housing policies.

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Housing Department Progress Report 1974

Housing Policy Review 1976

New Directions in Housing 1977

On Target - Program Review 1977 and Planning Strategy to 1980

No Vacancy - Will the New Federal Housing Programs Work in Toronto? (1978)

Vanishing Options - The Impending Rental Crisis in Toronto (1979)